

**WE HOPE  
REPORT ON THE AUDIT  
OF THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2016 AND 2015**

**WE HOPE**  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
We HOPE

We have audited the accompanying financial statements of We HOPE (a California not-for-profit organization), which comprise the statement of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of We HOPE as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

*Kuntze & Associates, P.C.*

**WE HOPE  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2016 AND 2015**

**ASSETS**

	<b>2016</b>	<b>2015</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 335,287	\$ 493,692
Grants Receivable	223,628	126,229
Due from Related Party	0	3,977
Prepaid Expenses	14,112	5,119
	<u>573,027</u>	<u>629,017</u>
<b>TOTAL CURRENT ASSETS</b>		
<b>FIXED ASSETS</b>		
Vehicles	272,124	124,596
Furniture and Equipment	31,573	23,041
Leasehold Improvements	45,428	45,428
	<u>349,125</u>	<u>193,065</u>
Less -- Accumulated Depreciation	105,761	45,374
	<u>243,364</u>	<u>147,691</u>
<b>TOTAL FIXED ASSETS</b>		
<b>OTHER ASSETS</b>		
Deposits	2,000	2,000
	<u>2,000</u>	<u>2,000</u>
<b>TOTAL OTHER ASSETS</b>		
	<u>2,000</u>	<u>2,000</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 818,391</u></u>	<u><u>\$ 778,708</u></u>

## LIABILITIES AND NET ASSETS

	2016	2015
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 1,825	\$ 2,825
Client Savings Accounts	63,248	81,300
Due to Related Party	0	15,032
Accrued Payroll Liabilities	55,779	12,286
Other	5,449	7,456
Deferred Rent	2,380	0
<b>TOTAL CURRENT LIABILITIES</b>	<u>128,681</u>	<u>118,899</u>
<b>LONG TERM LIABILITIES</b>		
Deferred Rent	<u>0</u>	<u>5,060</u>
<b>TOTAL LONG TERM LIABILITIES</b>	<u>0</u>	<u>5,060</u>
<b>TOTAL LIABILITIES</b>	<u>128,681</u>	<u>123,959</u>
<b>NET ASSETS</b>		
Unrestricted - Undesignated	129,613	84,835
Unrestricted - Board Designated	<u>560,097</u>	<u>569,914</u>
<b>TOTAL NET ASSETS</b>	<u>689,710</u>	<u>654,749</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 818,391</u>	<u>\$ 778,708</u>

See The Accompanying Notes To The Financial Statements.

**WE HOPE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<b>PUBLIC SUPPORT AND REVENUES</b>				
Special Events	\$ 71,792	\$ 0	\$ 0	\$ 71,792
Less: Cost of Direct Benefits to Donors	24,900	0	0	24,900
Net Special Events Revenue	46,892	0	0	46,892
Grants	861,098	0	0	861,098
Donations	311,930	0	0	311,930
Interest	62	0	0	62
Other	1,876	0	0	1,876
Net Assets Released from Restrictions	0	0	0	0
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<b>1,221,858</b>	<b>0</b>	<b>0</b>	<b>1,221,858</b>
<b>FUNCTIONAL EXPENSES</b>				
Program Services	990,550	0	0	990,550
Management and General	176,997	0	0	176,997
Fundraising	19,350	0	0	19,350
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>1,186,897</b>	<b>0</b>	<b>0</b>	<b>1,186,897</b>
<b>CHANGE IN NET ASSETS</b>	<b>34,961</b>	<b>0</b>	<b>0</b>	<b>34,961</b>
<b>NET ASSETS,</b>				
<b>BEGINNING OF YEAR</b>	<b>654,749</b>	<b>0</b>	<b>0</b>	<b>654,749</b>
<b>END OF YEAR</b>	<b>\$ 689,710</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 689,710</b>

See The Accompanying Notes To The Financial Statements.

**WE HOPE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<b>PUBLIC SUPPORT AND REVENUES</b>				
Special Events	\$ 83,276	\$ 0	\$ 0	\$ 83,276
Less: Cost of Direct Benefits to Donors	31,458	0	0	31,458
Net Special Events Revenue	51,818	0	0	51,818
Grants	531,585	0	0	531,585
Donations	450,841	0	0	450,841
Interest	128	0	0	128
Other	2,250			2,250
Net Assets Released from Restrictions	0	0	0	0
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<b>1,036,622</b>	<b>0</b>	<b>0</b>	<b>1,036,622</b>
<b>FUNCTIONAL EXPENSES</b>				
Program Services	773,990	0	0	773,990
Management and General	50,564	0	0	50,564
Fundraising	18,000	0	0	18,000
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>842,554</b>	<b>0</b>	<b>0</b>	<b>842,554</b>
<b>CHANGE IN NET ASSETS</b>	<b>194,068</b>	<b>0</b>	<b>0</b>	<b>194,068</b>
<b>NET ASSETS,</b>				
<b>BEGINNING OF YEAR</b>	<b>460,681</b>	<b>0</b>	<b>0</b>	<b>460,681</b>
<b>END OF YEAR</b>	<b>\$ 654,749</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 654,749</b>

See The Accompanying Notes To The Financial Statements.



**WE HOPE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Program Services	Management and General	Fundraising	Total
<b>Functional Expenses</b>				
Employer Payroll Tax	\$ 43,867	\$ 3,554	\$ 0	\$ 47,421
Fringe Benefits	22,516	8,906	0	31,422
Salaries	582,174	38,040	19,350	639,564
Workmen's Compensation	5,636	32,420	0	38,056
<b>Total Salaries &amp; Related Expenses</b>	<b>654,193</b>	<b>82,920</b>	<b>19,350</b>	<b>756,463</b>
Awards, Grants, and Donations	769	6,704	0	7,473
Bank Charges	145	1,868	0	2,013
Business Expense	0	75	0	75
Conferences & Training	1,209	3,665	0	4,874
Contract Labor	2,503	425	0	2,928
Contract Services	30,259	27,289	0	57,548
Depreciation	60,387	0	0	60,387
Dues and Subscriptions	1,362	1,671	0	3,033
Equipment Rental	59	1,243	0	1,302
Insurance	21,527	0	0	21,527
Interest	61	8	0	69
Internet and Telephone	7,823	10,096	0	17,919
Laundry	2,185	0	0	2,185
Licenses and Permits	3,870	1,560	0	5,430
Miscellaneous	10,309	2,916	0	13,225
Occupancy	62,570	0	0	62,570
Penalties and Fines	0	14,992	0	14,992
Postage and Delivery	233	710	0	943
Propane/Fuel	6,660	0	0	6,660
Repairs & Maintenance	26,669	1,995	0	28,664
Supplies	76,145	11,005	0	87,150
Travel & Entertainment	7,590	4,143	0	11,733
Utilities	10,121	3,226	0	13,347
Vending Machines	3,901	486	0	4,387
<b>Total Expenses</b>	<b>\$ 990,550</b>	<b>\$ 176,997</b>	<b>\$ 19,350</b>	<b>\$ 1,186,897</b>

**See The Accompanying Notes To The Financial Statements.**

**WE HOPE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Program Services	Management and General	Fundraising	Total
<b>Functional Expenses</b>				
Employer Payroll Tax	\$ 36,981	\$ 1,934	\$ 0	\$ 38,915
Fringe Benefits	39,457	4,908	0	44,365
Salaries	409,273	25,846	18,000	453,119
Workmen's Compensation	45,827	0	0	45,827
<b>Total Salaries &amp; Related Expenses</b>	<b>531,538</b>	<b>32,688</b>	<b>18,000</b>	<b>582,226</b>
Advertising	50	43	0	93
Awards, Grants, and Donations	0	200	0	200
Bank Charges	237	1,955	0	2,192
Conferences & Training	2,855	0	0	2,855
Contract Labor	5,860	750	0	6,610
Contract Services	29,701	55	0	29,756
Depreciation	24,104	0	0	24,104
Dues and Subscriptions	1,183	1,739	0	2,922
Equipment Rental	1,427	78	0	1,505
Insurance	7,868	0	0	7,868
Internet and Telephone	11,814	1,208	0	13,022
Licenses and Permits	215	0	0	215
Miscellaneous	8,855	1,214	0	10,069
Occupancy	49,620	0	0	49,620
Penalties and Fines	0	2,317	0	2,317
Postage and Delivery	35	499	0	534
Printing	957	0	0	957
Professional Fees	600	867	0	1,467
Repairs & Maintenance	15,736	1,337	0	17,073
Start-Up Expenses	966	0	0	966
Supplies	57,961	2,893	0	60,854
Travel & Entertainment	13,642	2,535	0	16,177
Utilities	8,766	186	0	8,952
<b>Total Expenses</b>	<b>\$ 773,990</b>	<b>\$ 50,564</b>	<b>\$ 18,000</b>	<b>\$ 842,554</b>

**See The Accompanying Notes To The Financial Statements.**

**WE HOPE  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from Supporters and Other Sources	\$ 1,129,238	\$ 1,397,865
Interest Received	62	128
Paid to Suppliers and Employees	(1,120,521)	(870,235)
Interest Paid	(69)	0
Income Taxes Paid	0	0
	<u>8,710</u>	<u>527,758</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash Payments for Purchase of Fixed Assets	(156,060)	(130,376)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(156,060)</u>	<u>(130,376)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments to Related Parties	(11,055)	0
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(11,055)</u>	<u>0</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(158,405)	397,382
<b>CASH AND CASH EQUIVALENTS,</b>		
<b>BEGINNING OF YEAR</b>	<u>493,692</u>	<u>96,310</u>
<b>END OF YEAR</b>	<u>\$ 335,287</u>	<u>\$ 493,692</u>

See The Accompanying Notes To The Financial Statements.

**WE HOPE  
STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 34,961	\$ 194,068
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	60,387	24,104
Changes in Certain Assets and Liabilities:		
Grants Receivable	(97,399)	248,771
Prepaid Expenses	(8,993)	203
Accounts Payable	(1,000)	(12,988)
Client Deposits	(18,052)	79,135
Accrued Liabilities	43,493	(7,962)
Other Liabilities	(2,007)	2,007
Deferred Rent	(2,680)	420
Total Adjustments	<u>(26,251)</u>	<u>333,690</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 8,710</u></u>	<u><u>\$ 527,758</u></u>

See The Accompanying Notes To The Financial Statements.

**WE HOPE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A) Organization and Nature of Activities

We Hope (The "Organization") is a California not-for-profit corporation founded on May 11, 2000. The Organization was established to help the unhoused, homeless and those at-risk in rebuilding their lives through a customized Supportive Housing Program customized to the needs of each individual.

B) Basis of Accounting

The Organization's accounts are maintained on the accrual basis of accounting. Grants and other contributions are reported as temporarily restricted support if they are received with stipulations that limit the use of the funding. When the restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Expenses are recorded when incurred.

C) Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization does not use fund accounting.

D) Accounting Policies

Cash and Cash Equivalents - For purposes of reporting cash flows, cash is defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

Allowance for Doubtful Accounts - Management provides for probable uncollectible amounts through bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants and donations. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable receivable. The allowance for doubtful accounts is \$0 for the years ended December 31, 2016 and 2015, respectively.

**WE HOPE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D) Accounting Policies (Continued)

Fixed Assets - Equipment is stated at cost. Expenditures for maintenance and repairs are charged to expense as incurred. The Organization capitalizes assets with an original cost of \$2,000 or greater. Depreciation of property and equipment is computed using the straight-line method over various useful lives. Depreciation expense for the years ended December 31, 2016 and 2015 is \$60,387 and \$24,104, respectively.

Income Taxes - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, a provision for income taxes has not been made on the financial statements.

The Organizations files its tax returns with the U.S. federal and various state and local tax jurisdictions. With few exceptions, the Organization is no longer subject to examinations by major tax jurisdictions for tax year June 30, 2013 and prior. The Organization had no income tax expense for the years ended December 31, 2016 and 2015.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - CONCENTRATIONS**

The Organization receives a major portion of its revenues from the various counties in northern California. The level of services available in the future could be impacted if the Organization were to lose the support of this donor.

**NOTE 3 - LEASE COMMITMENTS**

The Organization leases its facility under a five year operating lease that expires on July 31, 2017. Monthly rent is \$3,000 plus common area maintenance charges, and yearly increases. The lease calls for one five year renewal option. Deferred rent in the accompanying statement of financial position results from the straight-line recognition of rent expense over the terms of the lease agreement. Rent expense is \$62,570 and \$49,620 for the years ended December 31, 2016 and 2015, respectively.

**WE HOPE  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 3 - LEASE COMMITMENTS (CONTINUED)**

The minimum future lease commitments are as follows:

For the Year Ended December 31, 2017 \$ 40,600

**NOTE 4 - RELATED PARTY TRANSACTIONS**

Related party transactions for the years ended December 31, 2016 and 2015 are as follows:

*Due from Related Party* - The Organization was owed \$3,977 at December 31, 2015 from BFM, Inc., a company that is owned by a board member and founder of the Organization. This advance was unsecured and due on demand.

*Due to Related Party* - The Organizations owed \$15,032 at December 31, 2015 to various board members for advances made less repayments. These advances were unsecured and due on demand.

**NOTE 5 - BOARD DESIGNATED NET ASSETS**

The Board of Directors has made a designation of unrestricted net assets for the following purposes at December 31:

	<b>2016</b>	<b>2015</b>
Dignity on Wheels	\$ 322,482	\$ 281,000
Homeless Shelter	<u>237,615</u>	<u>288,914</u>
	<u>\$ 560,097</u>	<u>\$ 569,914</u>

**NOTE 6 - SUBSEQUENT EVENTS**

The date to which events occurring after December 31, 2016, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is October 12, 2017, the date the financial statements were available to be issued.