

**HOPE COMMUNITIES, INC. AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

**DECEMBER 31, 2023 AND 2022**





# Table of Contents

	<b>Page</b>
<b>Independent Auditors' Report</b> .....	1
 <b>Consolidated Financial Statements</b>	
Consolidated Statements of Financial Position .....	3
Consolidated Statements of Activities .....	4
Consolidated Statements of Changes in Net Assets .....	5
Consolidated Statements of Cash Flows .....	6
Consolidated Statements of Functional Expenses .....	7
Notes to Financial Statements .....	8
 <b>Supplemental Information</b>	
Consolidating Information - Statement of Financial Position .....	23-27
Consolidating Information - Statement of Activities .....	28-32



1221 W. Mineral Avenue, Suite 202  
Littleton, CO 80120

 303-734-4800

 303-795-3356

 [www.HaynieCPAs.com](http://www.HaynieCPAs.com)

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Hope Communities, Inc. and Subsidiaries

### Opinion

We have audited the accompanying consolidated financial statements of Hope Communities, Inc. and Subsidiaries (a nonprofit organization) (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hope Communities, Inc. and Subsidiaries as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

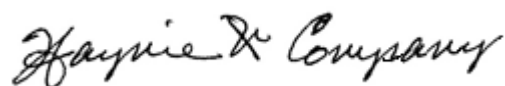
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Sincerely,

A handwritten signature in cursive script that reads "Haynie & Company".

Littleton, Colorado  
April 23, 2024

**Hope Communities, Inc. and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	\$ 3,774,190	\$ 4,270,677
Restricted cash	1,885,831	1,749,737
Accounts receivable, net of allowance of \$31,780 and \$38,168, respectively	94,455	82,651
Unconditional promises to give	50,000	301,068
Conditional promises to give	31,637	72,195
Prepaid expenses	77,008	61,052
Total current assets	5,913,121	6,537,380
<b>Long-Term assets:</b>		
Property and equipment, net	10,464,926	10,875,584
Total long-term assets	10,464,926	10,875,584
<b>Total assets</b>	<b>\$ 16,378,047</b>	<b>\$ 17,412,964</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 601,005	\$ 422,078
Deferred revenue	50,168	77,633
Refundable security deposits	191,486	192,851
Current portion of long-term debt	1,940,094	189,248
Total current liabilities	2,782,753	881,810
<b>Long-Term liabilities:</b>		
Accrued expenses	104,800	100,608
Long-term debt, net of current portion and unamortized loan costs of \$20,921 and \$26,154, respectively	6,450,635	8,446,347
Total long-term liabilities	6,555,435	8,546,955
Total liabilities	9,338,188	9,428,765
<b>NET ASSETS</b>		
Noncontrolling interests	(355)	(336)
Without donor restrictions	5,994,587	6,686,912
With donor restrictions	1,045,627	1,297,623
Total net assets	7,039,859	7,984,199
<b>Total liabilities and net assets</b>	<b>\$ 16,378,047</b>	<b>\$ 17,412,964</b>

The accompanying notes are an integral part of these financial statements.

# Hope Communities, Inc. and Subsidiaries

## Consolidated Statements of Activities For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Gains and Other Support</b>						
Rental income	\$ 3,146,263	\$ -	\$ 3,146,263	\$ 3,077,642	\$ -	\$ 3,077,642
Contributions and grants	460,776	539,064	999,840	251,735	453,504	705,239
In-kind contributions	296,827	-	296,827	237,032	-	237,032
Interest income	72,729	-	72,729	3,766	-	3,766
Other income	150,471	-	150,471	243,112	-	243,112
Net assets released from restriction	791,060	(791,060)	-	569,214	(569,214)	-
<b>Total revenue, gains and other support</b>	<u>4,918,126</u>	<u>(251,996)</u>	<u>4,666,130</u>	<u>4,382,501</u>	<u>(115,710)</u>	<u>4,266,791</u>
<b>Expenses</b>						
Affordable housing	3,402,568	-	3,402,568	3,184,373	-	3,184,373
Resident services	1,441,547	-	1,441,547	1,048,382	-	1,048,382
Housing Development	30,159	-	30,159	30,093	-	30,093
<b>Total program services</b>	<u>4,874,274</u>	<u>-</u>	<u>4,874,274</u>	<u>4,262,848</u>	<u>-</u>	<u>4,262,848</u>
Administrative	511,819	-	511,819	479,409	-	479,409
Fundraising	224,377	-	224,377	162,271	-	162,271
<b>Total expenses</b>	<u>5,610,470</u>	<u>-</u>	<u>5,610,470</u>	<u>4,904,527</u>	<u>-</u>	<u>4,904,527</u>
<b>Change in net assets</b>	<u>\$ (692,344)</u>	<u>\$ (251,996)</u>	<u>\$ (944,340)</u>	<u>\$ (522,026)</u>	<u>\$ (115,710)</u>	<u>\$ (637,736)</u>
<b>Change in net assets attributable to noncontrolling interest</b>	(19)	-	(19)	(21)	-	(21)
<b>Change in net assets attributable to Hope</b>	(692,325)	(251,996)	(944,321)	(522,005)	(115,710)	(637,715)

The accompanying notes are an integral part of these financial statements.

**Hope Communities, Inc. and Subsidiaries**  
**Consolidated Statements of Changes in Net Assets**  
**For the Years Ended December 31, 2023 and 2022**

	Net Assets Attributable to Hope		Net Assets Attributable to Noncontrolling Interests		Total	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
<b>Balance December 31, 2021</b>	\$ 7,208,917	\$ 1,413,333	\$ (315)	\$ 7,208,602	\$ 1,413,333	
Change in net assets	(522,005)	(115,710)	(21)	(522,026)	(115,710)	
<b>Balance December 31, 2022</b>	\$ 6,686,912	\$ 1,297,623	\$ (336)	\$ 6,686,576	\$ 1,297,623	
Change in net assets	(692,325)	(251,996)	(19)	(692,344)	(251,996)	
<b>Balance December 31, 2023</b>	<u>\$ 5,994,587</u>	<u>\$ 1,045,627</u>	<u>\$ (355)</u>	<u>\$ 5,994,232</u>	<u>\$ 1,045,627</u>	

The accompanying notes are an integral part of these financial statements.

**Hope Communities, Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets attributable to Hope	\$ (944,321)	\$ (637,715)
Change in net assets attributable to noncontrolling interest	(19)	(21)
Change in net assets	(944,340)	(637,736)
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	599,186	610,176
Changes in		
Accounts receivable	(11,804)	71,372
Contributions receivable	291,626	244,307
Prepaid expenses	(15,956)	(9,214)
Accounts payable and accrued expenses	183,119	10,434
Deferred revenue	(27,465)	77,633
Refundable security deposits	(1,365)	11,161
Net cash from operating activities	73,001	378,133
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	(183,295)	(40,961)
Net cash from investing activities	(183,295)	(40,961)
<b>Cash Flows from Financing Activities</b>		
Principal payments on long-term debt	(250,099)	(213,941)
Net cash from financing activities	(250,099)	(213,941)
<b>Net Change in Cash and Restricted Cash</b>	(360,393)	123,231
<b>Cash and Restricted Cash at Beginning of the Year</b>	<u>6,020,414</u>	<u>5,897,183</u>
<b>Cash and Restricted Cash at End of the Year</b>	<u>\$ 5,660,021</u>	<u>\$ 6,020,414</u>
<b>Cash paid for interest</b>	<u>\$ 318,610</u>	<u>\$ 326,309</u>
<b>Balance sheet accounts included in Cash and Restricted Cash:</b>		
Cash	3,774,190	4,270,677
Restricted Cash	<u>1,885,831</u>	<u>1,749,737</u>
	<u>\$ 5,660,021</u>	<u>\$ 6,020,414</u>

The accompanying notes are an integral part of these statements.

**Hope Communities, Inc. and Subsidiaries**  
**Consolidated Statements of Functional Expenses**  
**For the Years Ended December 31, 2023 and 2022**

	<b>2023</b>						
	<b>Affordable Housing</b>	<b>Resident Services</b>	<b>Housing Development</b>	<b>Total Program</b>			<b>Total</b>
				<b>Services</b>	<b>Administrative</b>	<b>Fundraising</b>	
Salaries and benefits	\$ 797,775	\$ 877,921	\$ 30,159	\$ 1,705,855	\$ 107,780	\$ 201,661	\$ 2,015,296
Operating and maintenance	692,737	-	-	692,737	36,524	-	729,261
Administrative expenses	83,780	-	-	83,780	80,201	-	163,981
Legal and professional fees	46,627	-	-	46,627	49,130	-	95,757
Advertising, Marketing, and Fundraising	1,048	-	-	1,048	-	22,716	23,764
Utilities	310,025	-	-	310,025	20,767	-	330,792
Insurance & taxes	364,418	-	-	364,418	102,029	-	466,447
Resident programs	-	563,626	-	563,626	-	-	563,626
Interest expense	337,020	-	-	337,020	47,754	-	384,774
Repairs	137,730	-	-	137,730	-	-	137,730
Supplies	75,930	-	-	75,930	-	-	75,930
Credit losses	23,926	-	-	23,926	-	-	23,926
<b>Total before depreciation and amortization</b>	<b>\$ 2,871,016</b>	<b>\$ 1,441,547</b>	<b>\$ 30,159</b>	<b>\$ 4,342,722</b>	<b>\$ 444,185</b>	<b>\$ 224,377</b>	<b>\$ 5,011,284</b>
Depreciation and amortization	531,552	-	-	531,552	67,634	-	599,186
<b>Total expenses</b>	<b>\$ 3,402,568</b>	<b>\$ 1,441,547</b>	<b>\$ 30,159</b>	<b>\$ 4,874,274</b>	<b>\$ 511,819</b>	<b>\$ 224,377</b>	<b>\$ 5,610,470</b>

	<b>2022</b>						
	<b>Affordable Housing</b>	<b>Resident Services</b>	<b>Housing Development</b>	<b>Total Program</b>			<b>Total</b>
				<b>Services</b>	<b>Administrative</b>	<b>Fundraising</b>	
Salaries and benefits	\$ 753,315	\$ 678,003	\$ 30,093	\$ 1,461,411	\$ 90,407	\$ 143,576	\$ 1,695,394
Operating and maintenance	577,261	-	-	577,261	31,537	-	608,798
Administrative expenses	78,860	-	-	78,860	85,901	-	164,761
Legal and professional fees	84,797	-	-	84,797	28,918	-	113,715
Advertising, Marketing, and Fundraising	522	-	-	522	-	18,695	19,217
Utilities	335,987	-	-	335,987	14,349	-	350,336
Insurance & taxes	263,928	-	-	263,928	92,333	-	356,261
Resident programs	323	370,380	-	370,703	-	-	370,703
Interest expense	343,998	-	-	343,998	49,756	-	393,754
Repairs	93,117	-	-	93,117	748	-	93,865
Supplies	82,549	-	-	82,549	-	-	82,549
Credit losses	26,691	-	-	26,691	18,305	-	44,996
<b>Total before depreciation and amortization</b>	<b>\$ 2,641,350</b>	<b>\$ 1,048,383</b>	<b>\$ 30,093</b>	<b>\$ 3,719,826</b>	<b>\$ 412,255</b>	<b>\$ 162,271</b>	<b>\$ 4,294,351</b>
Depreciation and amortization	543,022	-	-	543,022	67,154	-	610,176
<b>Total expenses</b>	<b>\$ 3,184,373</b>	<b>\$ 1,048,383</b>	<b>\$ 30,093</b>	<b>\$ 4,262,848</b>	<b>\$ 479,409</b>	<b>\$ 162,271</b>	<b>\$ 4,904,527</b>

The accompanying notes are an integral part of these statements.

# Hope Communities, Inc. and Subsidiaries

## Notes to the Consolidated Financial Statements

### December 31, 2023 and 2022

---

#### 1. Nature of Operations

---

Hope Communities, Inc. and subsidiaries (“Hope” or the “Organization”) was incorporated as a Colorado nonprofit corporation on August 14, 1980. Hope’s vision is a community in which everyone has a safe place to call home and the resources they need to thrive. The mission of Hope is to strengthen communities and provide pathways to economic and personal opportunity through affordable housing, educational programs and support services.

The Organization offers case management, programs and resources to support residents and people in need from surrounding neighborhoods gain the skills and resources they need to attain economic mobility and reach personal life goals.

2024 Strategic Goals for the Organization include:

#### **Service-enriched Affordable Housing**

- Aggressively pursue the acquisition of a current building or initiate new development to add rental units to the Hope Communities inventory.
  - Work with area developers and the real estate team to identify prospective sites.
  - Create 1-2 shovel-ready plans to use for acquisition/rehab or new project development.
  - Develop relationships with nonprofit, city, corporate, and faith-based partners who might collaborate on new building projects.
- Resolve issues with Welton Homes at the Point and Minute Spot.
  - Determine a plan for advancement of the property by May 31, 2024. Engage contractors to identify the best course of action that will allow for continued access to the affordable units at Welton Homes at the Point and that results in a positive fiscal situation for the organization.
- Ensure that current properties are in good condition and meet the needs of the organization.
  - Assess and plan renovations to make improvements as deemed necessary to enhance safety, facility/systems efficacy, and utility for residents.
  - Build or renovate common spaces to provide adequate room and conditions to meet the need for programs and services. Complete renovations at Hidden Brook by March 1 and the Gardens by June 1.
  - Make additional minor changes to make program and property spaces more welcoming for clients.
  - Identify and implement a strategy to provide professional program office space in Thornton for navigators working in that community.
- Engage professionals to assess options and the financial viability of adding affordable units to current property locations.
- Finetune plans for completing capital projects and deferred maintenance projects that are necessary to extend the life of each of the properties.
- Assess and implement changes to properties to increase energy efficiency and respond to city requirements for electrification.

**Hope Communities, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022 (continued)**

---

**1. Nature of Operations (continued)**

---

**Programs to Advance Economic Security and Mobility**

- Continue the emphasis on individualized services and a holistic approach to family security and well-being. Though starting with an evidence-based approach, staff will ensure clients are enabled to exert agency for deciding their own paths toward security, mobility, and success.
- Continue to grow and institutionalize Hope's housing stability program, which will include 1) improvements in the process of gaining housing at Hope, 2) strengthening community partnerships extending emergency, transitional, and permanent housing outside Hope properties; and 3) integration of resource navigation and economic mobility programs to ensure housing retention and long-range stability.
- Design and offer a full array of adult programs on-site for economic mobility as needed to support individuals and families. Provide support for employment, life skills, financial literacy, civic engagement, and legal intervention as warranted.
- Ensure access to basic needs, as well as programs and services to improve family health and well-being. Continue a strong, culturally appropriate food distribution program.
- Maintain a strong cultural navigator program, to support health, education, and integration in the community for refugee, asylee, immigrant, and humanitarian parolee clients. Assess the extent of services the organization can provide for the influx of migrant populations, along with funding avenues to pay for those services.
- Consistently offer customized youth programs at Hope properties to foster academic success, wellness, critical thinking skills, and resiliency. Reinstate signature programs and grow the types of programs and number of youth served at the NE Park Hill site.
- Strengthen relationships and leverage resources from community partners to extend program reach - for adults, youth, housing stability, and refugee programs - whenever possible.

**Financial Viability**

- Strengthen the fundraising arm of the organization to fully support programs, services, capital needs, and administrative operations.
  - Develop a comprehensive plan for fundraising that includes outreach and expanding support from foundations, corporate giving programs, faith-based sources, individuals, and events.
  - Identify and secure at least one meaningful multi-year grant from foundations and one multi-year contract to provide sustained support for programs.
  - Increase contributions from individual donors and donor-advised funds by 20% in 2024.
  - Target \$130,500 in revenues for the annual fundraising event, Hope for the Future.
- Maintain strong financials from the properties that will require exceptional occupancy, low delinquencies, and monitored expenditures.
- Secure leases from viable organizations for the retail spaces at Hope's Five Points property.
- Refinance three properties (the Gardens of Hope Communities, Welton Homes at the Point, and Carlton Arms), if possible, without increased monthly expenses.

**Hope Communities, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022 (continued)**

---

**1. Nature of Operations (continued)**

---

**Organizational Capacity**

- Recruit and hire quality staff to implement the mission. Provide an inclusive, supportive, and empowering environment for employees to foster pride, opportunity, and retention. Endeavor to hire staff who are reflective of the people we serve.
- Institute training and coaching to support skill development and upward opportunity for all staff.
- Continue to invest in essential technology infrastructure to support the mission and create efficiencies for staff. Part of this work will be to assess the evaluation and donor base systems to ensure they are appropriate for the organization at this time. If a change is required, search for a capacity-building grant to offset the cost of those purchases.
- Continue to work across the organization to strengthen the demonstration of our commitment to equity and inclusion. Identify and demonstrate new strategies to enhance equitable access to opportunity.
- Create tactics and set a series of training sessions in motion to ensure the senior management team could step into interim leadership if succession becomes necessary.
- Research and select an online option for rent payment to make payment easier and more secure. Target an implementation deadline of June 1.
- Define and create a product to showcase the unique and highly effective program model used by Hope Communities. Strategize the best ways to share the model with other agencies, nonprofits, and communities.
- Use that model as a foundation for a multi-phased plan of growth that can be utilized for organizational planning and long-term funding opportunities.
- Strengthen and create new policies and procedures to match the complexity and intention of the organization, furthering accountability, transparency, fiscal responsibility, exceptional stewardship, and adherence to mission.

**Community**

Board and community leadership

- Ensure a strong and vibrant board of directors to provide policy, fiduciary oversight, and engagement with prospective donors and other means of support for the organization.
- Strengthen and consistently utilize robust committees, with board and community volunteers to support the mission of the organization. Explore the option for a “Friends of Hope Communities” advisory board.
- Increase the number of volunteers regularly engaged with the organization, with emphasis on extending the reach and impact of staff expertise.

Client Engagement

- Continue to involve clients and the broader community in conversations leading to the direction and design of programs with intentional focus groups, community meetings, and private consultation. Continue to incorporate residents in the interview process for all program staff.
- Continue to act as an advocate and empower community residents to advocate for themselves pertaining to public safety, equitable access to vital programs and services, and other topics of importance to clients.

**Hope Communities, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022 (continued)**

---

**1. Nature of Operations (continued)**

---

Public Awareness and Recognition

- Enhance awareness of the work and impact of the organization in the community.
  - Continue to finetune and expand communications collateral, print and online, to increase awareness of the impact we make in the community.
  - Secure a minimum of four media stories to highlight Hope programs and services.
  - Work with the marketing committee to identify and implement strategies to gain awareness among the general public, agencies, community partners, and clients.
  - Work with the marketing committee and volunteer experts to improve the vibrancy and utility of Hope’s website and social media outlets.
- Elevate recognition of Hope as a leader in the affordable housing community.
  - Participate in community discussions and presentations to convey the organization’s work a minimum of six times during the year.
  - Participate as expert consultants for affordable housing, economic mobility, and culturally designed programs at workshops, conferences, and in published articles throughout the year.
- Advocacy
  - Leverage Hope’s reputation and place in community to advocate for more affordable housing, safer communities and human rights.

---

**2. Summary of Significant Accounting Policies**

---

**Principles of Consolidation**

The consolidated financial statements include the accounts of Hope and its wholly and majority-owned subsidiaries. The consolidated financial statements also include certain properties owned and managed by Hope.

**Wholly Owned Subsidiaries**

- Kittyhawk, LLC (limited liability company)
- Hope Neighborhood Center, LLC (limited liability company)
- Hope Development, LLC (limited liability company)
- Fern Hall, LLC (limited liability company)
- Carolton Corporation (for-profit corporation)
- The Gardens of Hope, LLC (limited liability company)
- Minute Spot, LLC (limited liability company)
- Welton Homes, LLC (limited liability company)
- Westerly Creek Homes, LLC (limited liability company)
- Denver Revitalization Partnership VIII, Ltd. (limited liability partnership)
- Kittyhawk/Canterbury Renovation LLLP (99.995% interest by Westerly Creek Homes, LLC)

All significant intercompany accounts and transactions have been eliminated in consolidation. During 2023, Fern Hall, LLC was dissolved, and the remaining assets were distributed to Hope.

**Hope Communities, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022 (continued)**

---

**2. Summary of Significant Accounting Policies (continued)**

---

**Basis of Presentation**

The financial statements follow the Accounting Standards Codification (ASC) guidance for not-for-profit organizations. Hope is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Hope's board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Hope or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For the purposes of the statement of cash flows, the Organization defines cash and cash equivalents as all cash on hand, demand deposits, and certificates of deposit accounts with an original maturity of three months or less. Cash consists of bank deposits in federally insured accounts. The Organization's cash deposits exceeded the Federal Deposit Insurance Corporation limits at various times during the fiscal year ended December 31, 2023 and 2022.

**Restricted Cash**

Certain cash balances are restricted to fund capital expenditures and/or maintenance for certain properties, debt service, operating reserves restricted by investors and security deposits paid by tenants.

**Unconditional Promises to Give**

Unconditional promises to give are recorded as receivables and revenue when received. The Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. As of December 31, 2023, unconditional promises to give amounted to \$50,000. These contributions are expected to be realized in one year or less and are classified as net assets with donor restrictions in the statement of activities.

**Hope Communities, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022 (continued)**

---

**2. Summary of Significant Accounting Policies (continued)**

---

**Conditional Promises to Give**

During 2023, the Organization received restricted grants totaling \$50,000 that contained donor conditions (primarily cost reimbursement grants). Since these grants represent conditional promises to give, they are not recorded as contribution revenue until donor conditions are met. As of December 31, 2023, the Organization met the conditions for receipt of \$31,637 in contribution revenue.

**Accounts Receivable and the Allowance for Credit Losses**

Accounts receivable are stated at unpaid balances which is reduced by an allowance for credit losses that reflects the Organization's best estimate of the amounts that will not be collected. This allowance is primarily a calculation of ninety-five percent of outstanding receivables from former tenants. Rents are charged as of the first of the month and are receivables until they are collected. Receivables are considered late as of the ninth of the month. Late fees are assessed differently per property with some being a flat rate and some a per diem rate. Receivables are written off as a charge to the allowance for credit losses when, in management's estimation, it is probable that the receivable will not be collected.

**Notes Receivable**

Notes receivable are stated at their unpaid principal amount, less an allowance for uncollectible notes. Hope provides for losses on notes receivable using the allowance method. The allowance is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Outstanding notes accrue interest based on the terms of the respective note agreements. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. Delinquent notes are written off based on individual credit evaluation and specific circumstances of the borrower.

**Property and Equipment**

Property and equipment acquisitions are recorded at cost and are depreciated over the estimated useful life of each asset. Annual depreciation is primarily computed using straight-line basis over the estimated useful life of 40 years for buildings and between five and 15 years for building improvements, furniture, and equipment.

**Other Assets**

Fees paid to the state housing agency in connection with the ongoing compliance monitoring for certain residential properties are amortized over a period of 15 years. These fees were fully amortized in 2022.

Fees paid in connection with obtaining permanent financing are capitalized and amortized over the term of the respective debt.

**Fair Value of Financial Instruments**

GAAP requires disclosure of an estimate of fair value of certain financial instruments. Hope's significant financial instruments are cash, accounts receivable, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

**Revenue Recognition**

Hope recognizes revenue when a tenant satisfies a performance obligation by transferring control of goods or services to a tenant. Revenue is measured in an amount that reflects the consideration that an entity expects to receive in exchange for those goods or services and excludes any incentives and amounts collected on behalf of a third party. Rental revenue is recognized as rents become due from tenants.

**Hope Communities, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022 (continued)**

---

**2. Summary of Significant Accounting Policies (continued)**

---

Rent payments received in advance are recognized as deferred revenue until earned. Tenant security deposits collected are recognized as revenue when forfeited. All leases between the Organization and the tenants of the property are operating leases.

**Contributions and Grants**

Contributions and grants of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Contributions and grants received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions and grants that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restriction and then released from restriction.

Contributions of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

**Impairment of Long-Lived Assets**

Hope has reviewed long-lived assets to determine if the carrying value exceeds the undiscounted cash flows expected to be derived from the asset. If the carrying value exceeds the cash flows, recorded amounts of the assets will be reduced to their fair value. There was no asset impairment for the years ended December 31, 2023 and 2022.

**Noncontrolling Interest**

Noncontrolling interest represents noncontrolling interest in Hope's majority-owned entity by other investors.

**Income Taxes**

Hope is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, Hope is subject to federal income tax on any unrelated business taxable income. Hope files tax returns in the U.S. federal jurisdiction. Hope has support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. Tax years that remain subject to examination are years 2020 and forward.

Hope's for-profit subsidiaries are subject to federal and state income taxes at the applicable corporate rates.

Hope's majority-owned entity is not directly subject to income taxes under the provisions of the Internal Revenue Code and applicable state laws. Therefore, taxable income or loss is reported to the individual member/partner for inclusion in their respective tax return and no provision for federal and state income taxes has been included in the accompanying consolidated financial statements.

**Hope Communities, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022 (continued)**

---

**2. Summary of Significant Accounting Policies (continued)**

---

**Functional Allocation of Expenses**

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program, management and general and fund-raising categories. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Administrative expenses	Time and effort
Legal and professional fees	Time and effort
Advertising, Marketing, and Fundraising	Time and effort

**Reclassifications**

Certain prior year amounts have been adjusted to conform to the current year presentation. These reclassifications did not have an impact on the Organization's change in net assets.

**Recently Issued Accounting Pronouncements**

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the company that are subject to the guidance in FASB ASC 326 were trade accounts. Hope adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

**Subsequent Events**

On March 12, 2024, the Organization refinanced the promissory note between Gardens of Hope, LLC and First Bank due March 1, 2024. This refinancing paid off the existing loan, which had a carrying amount of \$1,793,287 as of December 31, 2023, and extended the term to March 15, 2034, with monthly payments of \$11,983 including interest of 6.65% and secured by a deed of trust.

The Organization has evaluated subsequent events through April 23, 2024, the date which the consolidated financial statements were available to be issued. As of December 31, 202

---

**3. Deferred Revenue**

---

In 2022, Gardens of Hope, LLC. suffered a fire casualty on the building. Insurance covers the replacement of those assets, except for a deductible of \$10,000. During 2022, the Organization received \$77,633 in insurance monies for repairs. Upon completion of the casualty repairs and retirement of the old assets, the costs less accumulated depreciation will be retired and netted against the insurance proceeds. During 2023, costs incurred toward this project were \$27,465. As of December 31, 2023, the project was not completed therefore a gain (loss) has not been determined.

**Hope Communities, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022 (continued)**

---

**4. Liquidity and Availability**

---

The following represents Hope's financial assets at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at period end:		
Cash & cash equivalents	\$ 3,774,190	\$ 4,270,677
Accounts receivable	94,455	82,651
Promises to give (unconditional and conditional)	81,637	373,263
Total financial assets	<u>3,950,282</u>	<u>4,726,591</u>
Donor-imposed restrictions:		
Funds subject to time and purpose restrictions	<u>(1,045,627)</u>	<u>(1,297,623)</u>
Net financial assets after donor-imposed restrictions	2,904,655	3,428,968
Board designations:		
Housing development funds	(220,898)	(882,225)
Operating reserves	(924,181)	(821,885)
Refugee program navigator	-	(103,470)
Hope organizational efforts	<u>-</u>	<u>(10,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,759,576</u>	<u>\$ 1,611,388</u>

The Organization receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization's board designated operating reserves can be made available to meet operating needs if necessary.

The Organization manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining enough reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually.

Board designated housing development funds are savings to be used for pre-development activities related to the acquisition, renovation, and/or construction of affordable housing. The Board operating reserves, initially established as a safeguard after the Organization experienced severe hardship, may be used for true emergency situations when cash is depleted and expenditures cannot be prevented, reduced or deferred. Refugee navigator funds represent roll-over dollars designated to support Hope's cultural navigation program, which provides essential information, resources and skills to clients who speak a variety of languages. These funds, as well as the organizational funds are time restricted for program support.

**Hope Communities, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022 (continued)**

---

**5. Restricted Cash**

---

As of December 31, 2023 and 2022, restricted cash consists of cash for the following purposes:

	<u>2023</u>	<u>2022</u>
Capital expenditures and maintenance	\$ 1,194,287	\$ 1,062,949
Operating reserves restricted by investors	207,182	205,489
Security deposits paid by tenants	188,649	175,169
Debt service and escrow	295,713	306,130
Total	<u>\$ 1,885,831</u>	<u>\$ 1,749,737</u>

---

**6. Property and Equipment**

---

Property and equipment at December 31, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,696,845	\$ 1,696,845
Buildings and building improvements	18,813,624	18,645,511
Furniture, fixtures, and equipment	1,069,585	1,054,403
Vehicles	22,793	22,793
Total property and equipment	\$ 21,602,847	\$ 21,419,552
Less: accumulated depreciation	<u>(11,137,921)</u>	<u>(10,543,968)</u>
Net property and equipment	<u>\$ 10,464,926</u>	<u>\$ 10,875,584</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$593,953, and \$604,620, respectively.

---

**7. Advances from Funding Sources**

---

Hope has various interest-free loan agreements, which are payable in annual installments equal to 50% of surplus cash flow. In addition, certain notes are to be deferred and forgiven upon maturity provided certain obligations are met. These advances are included in long-term debt on the balance sheet. Subsequent to year-end, a modification agreement was made between the City and County of Denver and Denver Revitalization Partners VIII, Ltd. (DRP VIII) stating that the expiration date of the 1% note of \$419,200 that matures on March 1, 2024, is extended to March 1, 2049. The note therefore is classified as long-term debt on the Organization's statement of financial position as of December 31, 2023.

**Hope Communities, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022 (continued)**

**7. Advances from Funding Sources (continued)**

Advances from funding sources at December 31, 2023 and 2022 consist of the following:

	<b>2023</b>	<b>2022</b>
Note payable to the City and County of Denver (CCOD) by Minute Spot, LLC; payable in annual installments equal to 50% of Minute Spot's available annual surplus cash; outstanding principal due June 1, 2027; secured by a deed of trust.	\$ 906,450	\$ 906,450
Note payable to the CCOD by KittyHawk, LLC; payable in annual installments equal to 50% of KittyHawk's net cash flow; outstanding principal due September 2, 2029; secured by a deed of trust.	247,426	310,012
Note payable to the CCOD by KittyHawk, LLC; deferred and forgiven on September 2, 2029, provided that the use of four rental units have remained rental housing affordable to low-income residents living with AIDS and provided that KittyHawk is in compliance with the terms of the note discussed above; secured by a deed of trust.	240,000	240,000
Note payable to the CCOD by Denver Revitalization Partners VIII, Ltd. (DRP VIII); outstanding principal and interest of 1% originally due March 1, 2024, subsequently extended to March 1, 2049; secured by a deed of trust.	419,200	419,200
Total advances from funding sources	<u>\$ 1,813,076</u>	<u>\$ 1,875,662</u>

**8. Long-Term Debt**

At December 31, 2023 and 2022 long-term debt consists of the following:

	<b>2023</b>	<b>2022</b>
Colorado Housing and Finance Authority (CHFA) (A)	\$ 2,426,021	\$ 2,470,307
CHFA (B)	1,068,589	1,094,587
1st Bank (C)	1,793,287	1,839,638
CCOD (D)	432,045	472,456
CCOD (E)	211,557	223,557
1st Bank (F)	667,075	685,542
	6,598,574	6,786,087
Less: unamortized loan fees	(20,921)	(26,154)
Less: Current portion	(179,726)	(189,248)
Total long-term notes payable	<u>\$ 6,397,927</u>	<u>\$ 6,570,685</u>

(A) Note payable by Kittyhawk/Canterbury Renovation LLLP; due August 1, 2026; payable \$17,473 monthly, including interest at 6.75%; secured by deed of trust.

**Hope Communities, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022 (continued)**

---

**8. Long-Term Debt (continued)**

---

- (B) Note payable by Welton Homes, LLC; due February 1, 2024; payable \$7,639 monthly, including interest at 6.15%; secured by deed of trust. Subsequent to year-end, a third loan modification agreement was made between Colorado Housing and Finance Authority and Welton Homes LLC, stating that the expiration date of this note is extended to February 1, 2025. The note therefore is classified as long-term debt on the Organization's statement of financial position as of December 31, 2023.
- (C) Note payable by Gardens of Hope, LLC; due March 1, 2024; payable \$12,314 monthly including interest at 5.50%; secured by deed of trust.
- (D) Note payable by Minute Spot, LLC; due January 1, 2016; \$4,515 monthly including interest at 3.00%; secured by deed of trust. Note subsequently amended to suspend payments from January 1, 2014 through December 31, 2015; and maturity extended to July 1, 2032.
- (E) Notes payable by Hope Development, LLC; due July 1, 2039; payable \$5,000 annually through 2019 and \$1,000 monthly through maturity; interest at 0%; unsecured. Note subsequently amended to suspend payments from January 1, 2020 through December 31, 2021.
- (F) Note payable by Hope Neighborhood Center, LLC; due March 1, 2029; payable \$4,394 monthly including interest at 4.99% until March 1, 2026, after which time the rate changes to a variable rate based on the weekly average yield on U.S Treasury securities adjusted to a constant maturity of three years; secured by deed of trust.

Collective required principal payments of long-term debt at December 31, 2023:

	<b>2023</b>
2024	\$ 1,940,094
2025	1,167,664
2026	2,405,719
2027	79,272
2028	81,803
Thereafter	924,022
	\$ 6,598,574

**Hope Communities, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022 (continued)**

---

**9. Net Assets**

---

Net assets with donor restrictions as of December 31, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Colorado Health Foundation	\$ 459,313	\$ 719,468
Home Investment Partnership Program (HOME)	425,000	425,000
Colorado Health Foundation- Youth program support	70,000	-
Rose Community Foundation	20,000	60,000
Caring for Colorado	-	20,000
Colorado Health Foundation- Employee Wellness	14,775	20,000
Strear Family Foundation	20,000	13,333
Trailhead Institute	9,748	11,489
US Bank Grant	-	10,000
Mile High United Way	10,000	-
Denver Broncos Foundation	2,083	-
Colorado Emergency Food and Shelter	-	6,000
KeyBank Event Sponsorship for 2023	-	5,000
KeyBank - Housing stability in LMI communities	8,333	-
Enterprise Mini Grant	-	5,000
Anonymous	2,000	-
Sam. S. Bloom Foundation	4,375	2,333
	\$ 1,045,627	\$ 1,297,623

---

**10. Pension and Other Postretirement Plans**

---

Hope has a defined contribution pension plan covering substantially all employees. In 2019 Hope implemented a matching contribution of one percent. The matching contribution was 3% in 2022 and increased to 4% in 2023. \$31,398 and \$18,061 in matching contributions were made to the plan during the year ending December 31, 2023 and 2022, respectively.

---

**11. Significant Estimates and Concentrations**

---

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

**Low-income Housing Tax Credits**

Low-income housing tax credits stem from Hope's variable interest entities. The low-income housing credits are contingent upon the ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent or to correct non-compliance within a specified time period could result in recapture of previously taken tax credits plus interest. In addition, such potential non-compliance may require an adjustment to the contributed capital by the Investor Member. The tax credit compliance period ended in 2022.

**Hope Communities, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022 (continued)**

---

**11. Significant Estimates and Concentrations (continued)**

---

**General Litigation**

Hope is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, results of operations and cash flows of the Company.

**Flood accrual**

During 2023, Welton Homes, LLC suffered flood damage. The estimated cost to fix the damages due to the flood was \$120,066 and is reflected in accounts payable and accrued expenses on the statement of net position. Changes in the estimate will be reported in the statement of activities of the years in which they occur.

---

**12. Related Parties**

---

Kittyhawk/Canterbury Renovation LLLP and Welton Homes, LLC, both carry notes payable with Colorado Housing Finance Authority (CHFA), of which one of the Hope board members is also an employee.

Hope has cash deposits and two loan agreements at a financial institution of which one of the board members is also an employee. At December 31, 2023 and 2022, total cash deposits at this financial institution were \$2,855,689 and \$3,738,986, respectively and the outstanding loan balances were \$2,460,362 and \$2,525,180, respectively.

---

**13. Contingencies**

---

In May 2006, Hope Development received a forgivable loan of \$490,000 in federal “Home Program” funds from the City of Denver to be used toward the design and construction of ten single-family homes. The loan required that the homes be sold to moderate-income buyers and would be forgiven after twenty years. Hope has been advised that it has fulfilled its obligation by selling all ten homes to qualified moderate-income buyers, all transactions specifically subject to income restrictions contained in the City’s Inclusionary Housing Ordinance (IHO), recorded with each transaction. The City has noted that should any of these homes be transferred to subsequent owners who do not qualify as moderate-income, Hope Development may be subject to repayment for some of this loan.

In June 2015, Hope Development filed a Notification Regarding Limitations on Resale Price and Buyer Income Covenant with City of Denver, in connection with this loan. This filing requests notification of any events of default under any financing secured by the properties that could result in Hope Development being required to repay the loan balance.

**Hope Communities, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023 and 2022 (continued)**

---

**14. In-Kind Contributions**

---

The Organization's consolidated financial statements include the following in-kind contributions revenue and support, and associated expense.:

**Professional Services**

The Organization received donated professional services that would typically be purchased if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions at fair value when the pledge is made and are expensed when the services are rendered. The estimated fair value of these professional services is provided by the service provider, who estimates the fair value based on the date, time and market in which the service is rendered.

**Other**

Other in-kind contributions consist primarily of food, gift card, clothing, household and other donations. These items are recognized as in-kind contributions at fair value, with a corresponding expense, as they are used. The Organization values these items at either face value or fair value on the date received depending on the nature of the item.

During the years ended, December 31, 2023 and 2022, the Organization received the following in-kind contributions:

	<u>2023</u>	<u>2022</u>
Professional services	\$ 40,057	\$ 42,054
Other	256,770	194,978
Total in-kind contributions	<u>\$ 296,827</u>	<u>\$ 237,032</u>

---

**15. Volunteers**

---

A substantial number of individuals have donated significant amounts of their time to the Organization's programs and supporting services. These volunteer contributions do not meet the criteria for financial statement recognition and, therefore, were not recorded. The estimated fair value of these donations were \$131,342 and \$88,748, respectively, at December 31, 2023 and 2022.

**Hope Communities, Inc. and Subsidiaries**

---

**Supplementary Information**

**Hope Communities, Inc. and Subsidiaries**  
**Consolidating Information—Statement of Financial Position**  
**December 31, 2023**

	Hope Communities, Inc.	Hope Development LLC	Hope Neighborhood Center LLC	Gardens of Hope, LLC	KittyHawk, LLC
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,262,636	\$ 376,021	\$ -	\$ 713,478	\$ -
Restricted cash	75,998	-	-	858,619	-
Accounts receivable, net	10,728	-	-	48,457	-
Unconditional promises to give	50,000	-	-	-	-
Conditional promises to give	31,637	-	-	-	-
Prepaid expenses	29,680	-	-	17,880	-
Investments in subsidiaries	734,618	-	-	-	-
Property and equipment, net	-	-	858,081	797,850	-
Related party receivables					
Accounts receivable	2,484,634	-	901,026	5,000	20,630
Notes receivable	2,160,761	-	-	-	3,085,265
Developer fees	187,506	-	-	-	-
Total assets	<u>\$ 8,028,198</u>	<u>\$ 376,021</u>	<u>\$ 1,759,107</u>	<u>\$ 2,441,284</u>	<u>\$ 3,105,895</u>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Accounts payable, trade	\$ 6,660	\$ -	\$ -	\$ 25,685	\$ -
Accrued expenses	58,381	-	2,959	138,920	-
Deferred revenue	-	-	-	50,168	-
Long-term debt	-	211,557	664,515	1,792,843	487,426
Refundable security deposits	1,507	-	-	60,850	-
Related party payables					
Accounts payable	921,656	254,133	687,310	-	5,000
Notes payable	-	-	-	-	-
Developer fees	-	-	-	-	-
Total liabilities	<u>988,204</u>	<u>465,690</u>	<u>1,354,784</u>	<u>2,068,466</u>	<u>492,426</u>
<b>NET ASSETS</b>					
Noncontrolling interests	-	-	-	-	-
Without donor restrictions	5,994,367	(89,669)	404,323	372,818	2,613,469
With donor restrictions	1,045,627	-	-	-	-
Total net assets	<u>7,039,994</u>	<u>(89,669)</u>	<u>404,323</u>	<u>372,818</u>	<u>2,613,469</u>
<b>Total liabilities and net assets</b>	<u>\$ 8,028,198</u>	<u>\$ 376,021</u>	<u>\$ 1,759,107</u>	<u>\$ 2,441,284</u>	<u>\$ 3,105,895</u>

**Hope Communities, Inc. and Subsidiaries**  
**Consolidating Information—Statement of Financial Position**  
**December 31, 2023**

	Westerly Creek Homes LLC	Kittyhawk/ Canterbury Renovation LLLP	Eliminations	Consolidated Westerly Creek Homes LLC
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 421,454	\$ -	\$ 421,454
Restricted cash	-	681,098	-	681,098
Accounts receivable, net	-	23,067	-	23,067
Unconditional promises to give	-	-	-	-
Conditional promises to give	-	-	-	-
Prepaid expenses	-	22,271	-	22,271
Investments in subsidiaries	(318,873)	-	318,873	-
Property and equipment, net	-	4,222,648	-	4,222,648
Related party receivables				
Accounts receivable	-	-	-	-
Notes receivable	-	-	-	-
Developer fees	-	-	-	-
Total assets	<u>\$ (318,873)</u>	<u>\$ 5,370,538</u>	<u>\$ 318,873</u>	<u>\$ 5,370,538</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable, trade	\$ -	\$ 44,197	\$ -	\$ 44,197
Accrued expenses	-	54,553	-	54,553
Long-term debt	-	2,416,368	-	2,416,368
Refundable security deposits	-	89,383	-	89,383
Related party payables				
Accounts payable	-	-	-	-
Notes payable	-	3,085,265	-	3,085,265
Developer fees	-	-	-	-
Total liabilities	<u>-</u>	<u>5,689,766</u>	<u>-</u>	<u>5,689,766</u>
<b>NET ASSETS</b>				
Noncontrolling interests	-	(355)	-	(355)
Without donor restrictions	(318,873)	(318,873)	318,873	(318,873)
With donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>(318,873)</u>	<u>(319,228)</u>	<u>318,873</u>	<u>(319,228)</u>
<b>Total liabilities and net assets</b>	<u>\$ (318,873)</u>	<u>\$ 5,370,538</u>	<u>\$ 318,873</u>	<u>\$ 5,370,538</u>

**Hope Communities, Inc. and Subsidiaries**  
**Consolidating Information—Statement of Financial Position**  
**December 31, 2023**

	Carolton Corporation	DRP VIII Carolton Arms Apartments	Eliminations	Consolidated Carolton Corporation
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 251	\$ -	\$ 251
Restricted cash	-	118,818	-	118,818
Accounts receivable, net	-	4,445	-	4,445
Unconditional promises to give	-	-	-	-
Conditional promises to give	-	-	-	-
Prepaid expenses	-	3,951	-	3,951
Investments in subsidiaries	(9,414)	-	9,414	-
Property and equipment, net	-	117,497	-	117,497
Related party receivables				
Accounts receivable	-	-	-	-
Notes receivable	-	-	-	-
Developer fees	-	-	-	-
Total assets	<u>\$ (9,414)</u>	<u>\$ 244,962</u>	<u>\$ 9,414</u>	<u>\$ 244,962</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable, trade	\$ -	\$ 8,413	\$ -	\$ 8,413
Accrued expenses	-	137,481	-	137,481
Note payable	-	-	-	-
Long-term debt	-	419,200	-	419,200
Refundable security deposits	-	13,171	-	13,171
Related party payables				
Accounts payable	-	-	-	-
Notes payable	-	608,140	-	608,140
Developer fees	-	-	-	-
Total liabilities	<u>-</u>	<u>1,186,405</u>	<u>-</u>	<u>1,186,405</u>
<b>NET ASSETS</b>				
Non-Controlling interest	-	-	-	-
Without donor restrictions	(9,414)	(941,443)	9,414	(941,443)
With donor restrictions	-	-	-	-
Total net assets	<u>(9,414)</u>	<u>(941,443)</u>	<u>9,414</u>	<u>(941,443)</u>
<b>Total liabilities and net assets</b>	<u>\$ (9,414)</u>	<u>\$ 244,962</u>	<u>\$ 9,414</u>	<u>\$ 244,962</u>

**Hope Communities, Inc. and Subsidiaries**  
**Consolidating Information—Statement of Financial Position**  
**December 31, 2023**

	Minute Spot, LLC	Welton Homes, LLC	Eliminations	Consolidated Minute Spot LLC
<b>ASSETS</b>				
Cash and cash equivalents	\$ 189	\$ 161	\$ -	\$ 350
Restricted cash	82,609	68,689	-	151,298
Accounts receivable, net	6,091	8,363	-	14,454
Unconditional promises to give	-	-	-	-
Conditional promises to give	-	-	-	-
Prepaid expenses	760	2,466	-	3,226
Investments in subsidiaries	434,024	-	(434,024)	-
Property and equipment, net	563,160	3,905,690	-	4,468,850
Related party receivables				
Accounts receivable	-	-	-	-
Notes receivable	1,429,682	-	-	1,429,682
Developer fees	-	-	-	-
Total assets	<u>\$ 2,516,515</u>	<u>\$ 3,985,369</u>	<u>\$ (434,024)</u>	<u>\$ 6,067,860</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable, trade	\$ 457	\$ 10,627	\$ -	\$ 11,084
Accrued expenses	31,450	192,718	-	224,168
Long-term debt	1,338,495	1,060,325	-	2,398,820
Refundable security deposits	-	26,575	-	26,575
Related party payables				
Accounts payable	522,799	1,020,392	-	1,543,191
Notes payable	602,069	2,380,234	-	2,982,303
Developer fees	187,506	-	-	187,506
Total liabilities	<u>2,682,776</u>	<u>4,690,871</u>	<u>-</u>	<u>7,373,647</u>
<b>NET ASSETS</b>				
Noncontrolling interests	-	-	-	-
Without donor restrictions	(166,261)	(705,502)	(434,024)	(1,305,787)
With donor restrictions	-	-	-	-
Total net assets	<u>(166,261)</u>	<u>(705,502)</u>	<u>(434,024)</u>	<u>(1,305,787)</u>
<b>Total liabilities and net assets</b>	<u>\$ 2,516,515</u>	<u>\$ 3,985,369</u>	<u>\$ (434,024)</u>	<u>\$ 6,067,860</u>

**Hope Communities, Inc. and Subsidiaries**  
**Consolidating Information—Statement of Financial Position**  
**December 31, 2023**

	Subtotal	Eliminations	Consolidated Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,774,190	\$ -	\$ 3,774,190
Restricted cash	1,885,831	-	1,885,831
Accounts receivable, net	101,151	(6,696)	94,455
Unconditional promises to give	50,000	-	50,000
Conditional promises to give	31,637	-	31,637
Prepaid expenses	77,008	-	77,008
Investments in subsidiaries	734,618	(734,618)	-
Property and equipment, net	10,464,926	-	10,464,926
Related party receivables			
Accounts receivable	3,411,290	(3,411,290)	-
Notes receivable	6,675,708	(6,675,708)	-
Developer fees	187,506	(187,506)	-
Total assets	<u>\$ 27,393,865</u>	<u>\$ (11,015,818)</u>	<u>\$ 16,378,047</u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts payable, trade	\$ 96,039	\$ (6,696)	\$ 89,343
Accrued expenses	616,462	-	616,462
Deferred revenue	50,168	-	50,168
Long-term debt	8,390,729	-	8,390,729
Refundable security deposits	191,486	-	191,486
Related party payables			
Accounts payable	3,411,290	(3,411,290)	-
Notes payable	6,675,708	(6,675,708)	-
Developer fees	187,506	(187,506)	-
Total liabilities	<u>19,619,388</u>	<u>(10,281,200)</u>	<u>9,338,188</u>
<b>NET ASSETS</b>			
Noncontrolling interests	(355)	-	(355)
Without donor restrictions	6,729,205	(734,618)	5,994,587
With donor restrictions	1,045,627	-	1,045,627
Total net assets	<u>7,774,477</u>	<u>(734,618)</u>	<u>7,039,859</u>
<b>Total liabilities and net assets</b>	<u>\$ 27,393,865</u>	<u>\$ (11,015,818)</u>	<u>\$ 16,378,047</u>

**Hope Communities, Inc. and Subsidiaries**  
**Consolidating Information—Statement of Activities**  
**For the Year Ended December 31, 2023**

	Hope Communities, Inc.	Hope Development LLC	Hope Neighborhood Center LLC	Gardens of Hope, LLC	KittyHawk, LLC
<b>Revenues Without Donor Restrictions</b>					
Rental income	\$ 23,436	\$ -	\$ 30,000	\$ 1,140,667	\$ -
Interest income	85,473	5,863	-	12,588	206,486
Development and management fees	412,216	-	-	-	-
Gain (loss) on investment in subsidiaries	(671,308)	-	-	-	-
Contributions and grants	460,776	-	-	-	-
In-kind contributions	296,827	-	-	-	-
Other income	562	-	-	41,187	-
Net assets released from restrictions	<u>791,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues without donor restrictions	<u>1,399,042</u>	<u>5,863</u>	<u>30,000</u>	<u>1,194,442</u>	<u>206,486</u>
<b>Expenses</b>					
Affordable housing	61,721	72	-	1,158,791	-
Resident services	1,441,547	-	-	-	-
Development	<u>30,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program services	1,533,427	72	-	1,158,791	-
Administrative	333,563	-	75,612	-	-
Fundraising	<u>224,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses (and losses)	<u>2,091,367</u>	<u>72</u>	<u>75,612</u>	<u>1,158,791</u>	<u>-</u>
Change in net assets without donor restrictions	<u>(692,325)</u>	<u>5,791</u>	<u>(45,612)</u>	<u>35,651</u>	<u>206,486</u>
<b>Revenues With Donor Restrictions</b>					
Contributions	539,064	-	-	-	-
Net assets released from restrictions	<u>(791,060)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets with donor restrictions	<u>(251,996)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Assets</b>	(944,321)	5,791	(45,612)	35,651	206,486
<b>Change in Net Assets Attributable to Noncontrolling Interest</b>					
	-	-	-	-	-
<b>Change in Net Assets Attributable to Hope</b>	<u>(944,321)</u>	<u>5,791</u>	<u>(45,612)</u>	<u>35,651</u>	<u>206,486</u>
<b>Change in Net Assets</b>	(944,321)	5,791	(45,612)	35,651	206,486
<b>Net Assets, Beginning of Year</b>	<u>7,984,315</u>	<u>(95,460)</u>	<u>449,935</u>	<u>337,167</u>	<u>2,406,983</u>
<b>Net Assets, End of Year</b>	<u>\$ 7,039,994</u>	<u>\$ (89,669)</u>	<u>\$ 404,323</u>	<u>\$ 372,818</u>	<u>\$ 2,613,469</u>

**Hope Communities, Inc. and Subsidiaries**  
**Consolidating Information—Statement of Activities**  
**For the Year Ended December 31, 2023**

	Westerly Creek Homes LLC	Kittyhawk/ Canterbury Renovation LLLP	Eliminations	Consolidated Westerly Creek Homes LLC
<b>Revenues Without Donor Restrictions</b>				
Rental income	\$ -	\$ 1,369,597	\$ -	\$ 1,369,597
Interest income	-	4,939	-	4,939
Development and management fees	-	-	-	-
Gain (loss) on investment in subsidiaries	(376,537)	-	376,537	-
Contributions and grants	-	-	-	-
In-kind contributions	-	-	-	-
Other income	-	80,847	-	80,847
Net assets released from restrictions	-	-	-	-
Total revenues without donor restrictions	<u>(376,537)</u>	<u>1,455,383</u>	<u>376,537</u>	<u>1,455,383</u>
<b>Expenses</b>				
Affordable housing	-	1,831,939	-	1,831,939
Resident services	-	-	-	-
Development	-	-	-	-
Total program services	-	1,831,939	-	1,831,939
Administrative	-	-	-	-
Fundraising	-	-	-	-
Total expenses (and losses)	<u>-</u>	<u>1,831,939</u>	<u>-</u>	<u>1,831,939</u>
Change in net assets without donor restrictions	<u>(376,537)</u>	<u>(376,556)</u>	<u>376,537</u>	<u>(376,556)</u>
<b>Revenues With Donor Restrictions</b>				
Contributions	-	-	-	-
Net assets released from restrictions	-	-	-	-
Change in net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Assets</b>	<b>(376,537)</b>	<b>(376,556)</b>	<b>376,537</b>	<b>(376,556)</b>
<b>Change in Net Assets Attributable to Noncontrolling Interest</b>				
	-	(19)	-	(19)
<b>Change in Net Assets Attributable to Hope</b>	<u>(376,537)</u>	<u>(376,537)</u>	<u>376,537</u>	<u>(376,537)</u>
<b>Change in Net Assets</b>	<b>(376,537)</b>	<b>(376,556)</b>	<b>376,537</b>	<b>(376,556)</b>
<b>Net Assets, Beginning of Year</b>	<u>57,664</u>	<u>57,328</u>	<u>(57,664)</u>	<u>57,328</u>
<b>Net Assets, End of Year</b>	<u>\$ (318,873)</u>	<u>\$ (319,228)</u>	<u>\$ 318,873</u>	<u>\$ (319,228)</u>

**Hope Communities, Inc. and Subsidiaries**  
**Consolidating Information—Statement of Activities**  
**For the Year Ended December 31, 2023**

	Carolton Corporation	DRP VIII Carolton Arms Apartments	Eliminations	Consolidated Carolton Corporation
<b>Revenues Without Donor Restrictions</b>				
Rental income	\$ -	\$ 236,956	\$ -	\$ 236,956
Interest income	-	107	-	107
Development and management fees	-	-	-	-
Gain (loss) on investment in subsidiaries	32	-	(32)	-
Contributions and grants	-	-	-	-
In-kind contributions	-	-	-	-
Other income	-	2,586	-	2,586
Net assets released from restrictions	-	-	-	-
Total revenues without donor restrictions	<u>32</u>	<u>239,649</u>	<u>(32)</u>	<u>239,649</u>
<b>Expenses</b>				
Affordable housing	-	236,425	-	236,425
Resident services	-	-	-	-
Development	-	-	-	-
Total program services	-	236,425	-	236,425
Administrative	-	-	-	-
Fundraising	-	-	-	-
Total expenses (and losses)	<u>-</u>	<u>236,425</u>	<u>-</u>	<u>236,425</u>
Change in net assets without donor restrictions	<u>32</u>	<u>3,224</u>	<u>(32)</u>	<u>3,224</u>
<b>Revenues With Donor Restrictions</b>				
Contributions	-	-	-	-
Net assets released from restrictions	-	-	-	-
Change in net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Assets</b>	<b>32</b>	<b>3,224</b>	<b>(32)</b>	<b>3,224</b>
<b>Change in Net Assets Attributable to Noncontrolling Interest</b>				
	-	-	-	-
<b>Change in Net Assets Attributable to Hope</b>	<u>32</u>	<u>3,224</u>	<u>(32)</u>	<u>3,224</u>
<b>Change in Net Assets</b>	<b>32</b>	<b>3,224</b>	<b>(32)</b>	<b>3,224</b>
<b>Net Assets, Beginning of Year</b>	<u>(9,446)</u>	<u>(944,667)</u>	<u>9,446</u>	<u>(944,667)</u>
<b>Net Assets, End of Year</b>	<u>\$ (9,414)</u>	<u>\$ (941,443)</u>	<u>\$ 9,414</u>	<u>\$ (941,443)</u>

**Hope Communities, Inc. and Subsidiaries**  
**Consolidating Information—Statement of Activities**  
**For the Year Ended December 31, 2023**

	Minute Spot, LLC	Welton Homes, LLC	Eliminations	Consolidated Minute Spot LLC
<b>Revenues Without Donor Restrictions</b>				
Rental income	\$ 4,285	\$ 371,322	\$ -	\$ 375,607
Interest income	16,574	194	-	16,768
Development and management fees	-	-	-	-
Gain (loss) on investment in subsidiaries	(39)	-	39	-
Contributions and grants	-	-	-	-
In-kind contributions	-	-	-	-
Other income	175	25,114	-	25,289
Net assets released from restrictions	-	-	-	-
Total revenues without donor restrictions	<u>20,995</u>	<u>396,630</u>	<u>39</u>	<u>417,664</u>
<b>Expenses</b>				
Affordable housing	-	785,331	-	785,331
Resident services	-	-	-	-
Development	-	-	-	-
Total program services	-	785,331	-	785,331
Administrative	132,644	-	-	132,644
Fundraising	-	-	-	-
Total expenses (and losses)	<u>132,644</u>	<u>785,331</u>	<u>-</u>	<u>917,975</u>
Change in net assets without donor restrictions	<u>(111,649)</u>	<u>(388,701)</u>	<u>39</u>	<u>(500,311)</u>
<b>Revenues With Donor Restrictions</b>				
Contributions	-	-	-	-
Net assets released from restrictions	-	-	-	-
Change in net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Assets</b>	(111,649)	(388,701)	39	(500,311)
<b>Change in Net Assets Attributable to Noncontrolling Interest</b>				
	-	-	-	-
<b>Change in Net Assets Attributable to Hope</b>	<u>(111,649)</u>	<u>(388,701)</u>	<u>39</u>	<u>(500,311)</u>
<b>Change in Net Assets</b>	(111,649)	(388,701)	39	(500,311)
<b>Net Assets, Beginning of Year</b>	<u>(54,612)</u>	<u>(316,801)</u>	<u>(434,063)</u>	<u>(805,476)</u>
<b>Net Assets, End of Year</b>	<u>\$ (166,261)</u>	<u>\$ (705,502)</u>	<u>\$ (434,024)</u>	<u>\$ (1,305,787)</u>

**Hope Communities, Inc. and Subsidiaries**  
**Consolidating Information—Statement of Activities**  
**For the Year Ended December 31, 2023**

	<b>Subtotal</b>	<b>Eliminations</b>	<b>Consolidated Totals</b>
<b>Revenues Without Donor Restrictions</b>			
Rental income	\$ 3,176,263	\$ (30,000)	\$ 3,146,263
Interest income	332,224	(259,495)	72,729
Development and management fees	412,216	(412,216)	-
Gain (loss) on investment in subsidiaries	(671,308)	671,308	-
Contributions and grants	460,776	-	460,776
In-kind contributions	296,827	-	296,827
Other income	150,471	-	150,471
Net assets released from restrictions	<u>791,060</u>	<u>-</u>	<u>791,060</u>
Total revenues without donor restrictions	<u>4,948,529</u>	<u>(30,403)</u>	<u>4,918,126</u>
<b>Expenses</b>			
Affordable housing	4,074,279	(671,711)	3,402,568
Resident services	1,441,547	-	1,441,547
Development	<u>30,159</u>	<u>-</u>	<u>30,159</u>
Total program services	5,545,985	(671,711)	4,874,274
Administrative	541,819	(30,000)	511,819
Fundraising	<u>224,377</u>	<u>-</u>	<u>224,377</u>
Total expenses (and losses)	<u>6,312,181</u>	<u>(701,711)</u>	<u>5,610,470</u>
Change in net assets without donor restrictions	<u>(1,363,652)</u>	<u>671,308</u>	<u>(692,344)</u>
<b>Revenues With Donor Restrictions</b>			
Contributions	539,064	-	539,064
Net assets released from restrictions	<u>(791,060)</u>	<u>-</u>	<u>(791,060)</u>
Change in net assets with donor restrictions	<u>(251,996)</u>	<u>-</u>	<u>(251,996)</u>
<b>Change in Net Assets</b>	(1,615,648)	671,308	(944,340)
<b>Change in Net Assets Attributable to Noncontrolling Interest</b>	(19)	-	(19)
<b>Change in Net Assets Attributable to Hope</b>	<u>(1,615,629)</u>	<u>671,308</u>	<u>(944,321)</u>
<b>Change in Net Assets</b>	(1,615,648)	671,308	(944,340)
<b>Net Assets, Beginning of Year</b>	<u>9,390,125</u>	<u>(1,405,926)</u>	<u>7,984,199</u>
<b>Net Assets, End of Year</b>	<u>\$ 7,774,477</u>	<u>\$ (734,618)</u>	<u>\$ 7,039,859</u>