

**SHAOHANNAH'S HOPE, INC.  
D/B/A SHOW HOPE**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**SHAOHANNAH'S HOPE, INC.  
D/B/A SHOW HOPE  
FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

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## Independent Auditor's Report

Board of Directors  
Shaohannah's Hope, Inc. D/B/A Show Hope

### Report on the Financial Statements

We have audited the accompanying financial statements of Shaohannah's Hope, Inc. D/B/A Show Hope (the Organization), which comprise the statements of financial position as of June 30, 2020 and 2019, the related statements of activities, functional expenses, cash flows for the years 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from 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 auditor's 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 the Organization as of June 30, 2020 and 2019, 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.

A handwritten signature in blue ink that reads "Blankenship CPA Group, PLLC".

Blankenship CPA Group, PLLC  
Brentwood, Tennessee  
October 7, 2020

**SHAOHANNAH'S HOPE, INC.**  
**D/B/A SHOW HOPE**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash	\$ 7,900,922	\$ 6,414,356
Notes receivable	-	37,338
Prepaid expenses	5,000	107,807
Property and equipment, net	<u>49,365</u>	<u>62,305</u>
 Total assets	 <u><u>\$ 7,955,287</u></u>	 <u><u>\$ 6,621,806</u></u>
 <b>Liabilities</b>		
Grants payable	\$ 3,614,000	\$ 2,961,000
Accounts payable	22,323	98,082
Deferred revenue	1,406	129,857
Accrued vacation	142,841	150,057
Accrued payroll	<u>36,295</u>	<u>29,434</u>
 Total liabilities	 <u><u>3,816,865</u></u>	 <u><u>3,368,430</u></u>
 <b>Net assets</b>		
Without donor restrictions	3,302,408	2,594,594
With donor restrictions	<u>836,014</u>	<u>658,782</u>
 Total net assets	 <u><u>4,138,422</u></u>	 <u><u>3,253,376</u></u>
 Total liabilities and net assets	 <u><u>\$ 7,955,287</u></u>	 <u><u>\$ 6,621,806</u></u>

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

**SHAOHANNAH'S HOPE, INC.  
D/B/A SHOW HOPE  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Contributions:			
Adoption assistance	\$ -	\$ 3,833,810	\$ 3,833,810
Adoption awareness	-	6,053	6,053
Orphan care	-	2,265,635	2,265,635
General - Other	4,338,435	-	4,338,435
Interest income	77,299	-	77,299
Net assets released from restrictions	<u>5,928,266</u>	<u>(5,928,266)</u>	<u>-</u>
 Total revenues, gains, and other support	 <u>10,344,000</u>	 <u>177,232</u>	 <u>10,521,232</u>
 Expenses:			
Program services	7,647,916	-	7,647,916
General and administrative	1,150,203	-	1,150,203
Fundraising	<u>838,067</u>	<u>-</u>	<u>838,067</u>
 Total expenses	 <u>9,636,186</u>	 <u>-</u>	 <u>9,636,186</u>
 Change in net assets	 707,814	 177,232	 885,046
 Net assets, beginning of year	 <u>2,594,594</u>	 <u>658,782</u>	 <u>3,253,376</u>
 Net assets, end of year	 <u>\$ 3,302,408</u>	 <u>\$ 836,014</u>	 <u>\$ 4,138,422</u>

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

**SHAOHANNAH'S HOPE, INC.  
D/B/A SHOW HOPE  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Contributions:			
Adoption assistance	\$ -	\$ 3,574,025	\$ 3,574,025
Adoption awareness	-	65,779	65,779
Orphan care	-	3,929,437	3,929,437
General - Other	5,129,980	-	5,129,980
Interest income	23,916	-	23,916
Net assets released from restrictions	<u>7,861,225</u>	<u>(7,861,225)</u>	<u>-</u>
 Total revenues, gains, and other support	 <u>13,015,121</u>	 <u>(291,984)</u>	 <u>12,723,137</u>
 Expenses:			
Program services	8,654,353	-	8,654,353
General and administrative	1,275,551	-	1,275,551
Fundraising	<u>1,383,840</u>	<u>-</u>	<u>1,383,840</u>
 Total expenses	 <u>11,313,744</u>	 <u>-</u>	 <u>11,313,744</u>
 Change in net assets	 1,701,377	 (291,984)	 1,409,393
 Net assets, beginning of year	 <u>893,217</u>	 <u>950,766</u>	 <u>1,843,983</u>
 Net assets, end of year	 <u>\$ 2,594,594</u>	 <u>\$ 658,782</u>	 <u>\$ 3,253,376</u>

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

**SHAOHANNAH'S HOPE, INC.**  
**D/B/A SHOW HOPE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 5,197	\$ -	\$ 10,212	\$ 15,409
Audio visual	1,946	-	16,559	18,505
Bank service charges	-	3,491	-	3,491
Cleaning and maintenance	-	9,728	-	9,728
Conference fee	206,360	-	-	206,360
Continuing education	1,045	-	295	1,340
Contract labor	210,402	2,837	43,468	256,707
Credit card processing	674	156,179	-	156,853
Depreciation expense	-	11,968	-	11,968
Design	-	-	233	233
Dues and subscriptions	1,538	8,515	475	10,528
Employee benefits	49,016	35,318	21,361	105,695
Equipment lease	-	7,845	-	7,845
Fulfillment	9,747	-	-	9,747
Gifts	2,559	6,927	20,728	30,214
Grants awarded	2,943,000	-	-	2,943,000
Insurance	79,682	70,414	46,191	196,287
IT services	62,756	34,819	50,851	148,426
Marketing	1,569	-	2,503	4,072
Merchandise purchased	4,297	-	-	4,297
Miscellaneous	-	174	-	174
Payroll expenses	2,028	1,462	884	4,374
Payroll taxes	50,628	36,480	22,064	109,172
Postage	18,300	6,479	23,857	48,636
Printing and reproduction	37,514	376	85,009	122,899
Production of event	500	-	68,507	69,007
Professional fees	24,576	125,421	12,770	162,767
Rent	-	85,297	6,145	91,442
Salaries and wages	696,507	501,870	303,531	1,501,908
Special care centers	2,987,859	-	-	2,987,859
Supplies	14,423	17,362	48,500	80,285
Tax	277	147	-	424
Telephone	1,150	9,117	3,000	13,267
Tour sponsorship	33,750	-	6,250	40,000
Travel	200,616	8,533	44,674	253,823
Utilities	-	9,444	-	9,444
Total	<u>\$ 7,647,916</u>	<u>\$ 1,150,203</u>	<u>\$ 838,067</u>	<u>\$ 9,636,186</u>
Percent of total	79%	12%	9%	100%

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

**SHAOHANNAH'S HOPE, INC.**  
**D/B/A SHOW HOPE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2019**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 7,218	\$ -	\$ 7,939	\$ 15,157
Audio visual	15,774	-	22,520	38,294
Bank service charges	-	4,213	-	4,213
Cleaning and maintenance	-	9,532	-	9,532
Conference fee	363,466	-	-	363,466
Continuing education	2,079	25	168	2,272
Contract labor	198,789	3,471	41,914	244,174
Credit card processing	1,986	167,506	-	169,492
Depreciation expense	-	13,047	-	13,047
Design	383	-	533	916
Dues and subscriptions	1,538	8,031	804	10,373
Employee benefits	50,093	31,283	20,360	101,736
Equipment lease	-	5,886	-	5,886
Fulfillment	11,271	-	292	11,563
Gifts	31,828	18,257	58,500	108,585
Grants awarded	2,822,000	-	-	2,822,000
Insurance	86,440	67,648	45,201	199,289
IT services	42,874	107,878	50,595	201,347
Marketing	1,451	-	1,256	2,707
Merchandise purchased	5,364	-	-	5,364
Miscellaneous	26	26	-	52
Payroll expenses	2,461	1,538	1,000	4,999
Payroll taxes	59,443	37,122	24,161	120,726
Postage	38,697	6,606	32,015	77,318
Printing and reproduction	72,430	762	72,812	146,004
Production of event	55,979	-	60,558	116,537
Professional fees	695	113,350	6,829	120,874
Rent	4,000	100,932	7,435	112,367
Salaries and wages	842,564	526,183	342,461	1,711,208
Special care centers	3,158,029	-	-	3,158,029
Supplies	54,730	25,477	67,693	147,900
Tax	498	81	-	579
Telephone	2,260	7,767	2,650	12,677
Tour sponsorship	341,250	-	356,250	697,500
Travel	378,737	10,380	159,894	549,011
Utilities	-	8,550	-	8,550
<b>Total</b>	<u>\$ 8,654,353</u>	<u>\$ 1,275,551</u>	<u>\$ 1,383,840</u>	<u>\$ 11,313,744</u>
Percent of total	77%	11%	12%	100%

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



**SHAOHANNAH'S HOPE, INC.  
D/B/A SHOW HOPE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 885,046	\$ 1,409,393
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Loss on disposal of property and equipment	2,096	-
Depreciation	11,968	13,047
Changes in operating assets and liabilities:		
Notes receivable	37,338	(37,338)
Prepaid expenses	102,807	(66,837)
Grants payable	653,000	749,000
Accounts payable	(75,759)	72,941
Deferred revenue	(128,451)	42,308
Accrued vacation	(7,216)	12,564
Accrued payroll	6,861	413
Net cash provided by operating activities	<u>1,487,690</u>	<u>2,195,491</u>
<b>Cash Flows From Investing Activities:</b>		
Purchase of property and equipment	<u>(1,124)</u>	<u>(17,417)</u>
Net cash used by investing activities	<u>(1,124)</u>	<u>(17,417)</u>
Net increase in cash	1,486,566	2,178,074
Cash, beginning of year	<u>6,414,356</u>	<u>4,236,282</u>
Cash, end of year	<u>\$ 7,900,922</u>	<u>\$ 6,414,356</u>
Supplemental schedule of noncash investing activities:		
Disposal of property and equipment	<u>\$ 75,304</u>	<u>\$ -</u>

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

**SHAOHANNAH'S HOPE, INC.**  
**D/B/A SHOW HOPE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**Note 1 - Summary of Significant Accounting Policies**

*Nature of Activities*

Shaohannah's Hope, Inc. (the Organization) was incorporated in 2002 in the state of Virginia for the purpose of engaging the church to care for orphans, raising awareness of the plight of orphaned children throughout the world, and working to reduce financial barriers to adoptions. The Organization was authorized to conduct business in Tennessee in 2006 and relocated its corporate offices to Franklin, Tennessee in 2007. In 2009 the Organization adopted and trademarked the D/B/A name "Show Hope." The Organization is a publicly supported, not-for-profit corporation and contributions are solicited and received over a broad geographic region of the country.

The Organization's major program services include providing financial assistance to families adopting children, providing funding for Maria's Big House of Hope and other care centers which provide surgical care and medical care to special needs orphans in China to increase their chances of being adopted, and increasing adoption awareness by mobilizing the church to engage in adoption and orphan care.

The affairs of the Organization are managed by a seven member Board of Directors consisting of four Directors and three Officers. Each Director and Officer is entitled to one vote on all voting matters. While major policies and decisions are determined by the Board of Directors, day-to-day management is performed by the Executive Team, led by the Executive Director hired by the Board.

*Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*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 the Organization's management and the Board of Directors.

*Net Assets With Donor Restrictions*

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

*Use of Estimates*

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

*Cash*

Cash consists principally of cash on deposit with financial institutions.

*Property and Equipment*

The Organization capitalizes expenditures for those items reasonably expected to last beyond the current year and above \$1,000. Contributed property and equipment is recorded at estimated fair value at the date of donation. Depreciation is provided by use of the straight-line method over the estimated useful lives of the related assets. Routine repairs and maintenance are expensed as incurred.

**SHAOHANNAH'S HOPE, INC.**  
**D/B/A SHOW HOPE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

*Grants Payable*

Grants payable consist of adoption assistance grants payable to various adoption agencies and are designated for the benefit of specific individuals. If a grant is rescinded, the payable is relieved and the related expense account is credited.

*Revenue Recognition*

On July 1, 2019, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers and all subsequent amendments to the ASU* (collectively, ASC 606), which supersedes most existing revenue recognition guidance and outlines a single comprehensive standard for revenue recognition across all industries. ASC 606 requires revenue to be recognized in an amount that reflects the consideration the entity expects to be entitled in an exchange of goods or services. The Organization performed an analysis of revenue streams and transitions to determine in-scope applicability. The adoption of ASC 606 did not materially impact the financial statements and related disclosures.

On July 1, 2019, the Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The adoption of this ASU resulted in the treatment of most governmental grants as donor-restricted conditional contributions rather than exchange transactions. The new standard also clarified the criteria for evaluating whether contributions are unconditional or conditional. The adoption of this ASU did not materially impact the financial statements and related disclosures.

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as unrestricted support and increase net assets without donor restrictions.

Deferred revenue represents collections for mission trips taking place after June 30. Prepaid expenses represent expenditures relating to those trips.

*Advertising*

All advertising costs are expensed when incurred.

*Functional Allocation of Expenses*

The costs of providing program services and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

*Program and Supporting Services*

The following program and supporting services are included in the accompanying financial statements:

*Program Services*

Includes the direct cost of operating the Organization and all of the related programs.

*Management and General*

Includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Applicable costs include those associated with providing coordination and articulation of the Organization's program strategy, business management, general record keeping, budgeting, and related purposes.

*Fundraising*

Includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

**SHAOHANNAH'S HOPE, INC.**  
**D/B/A SHOW HOPE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

*Income Taxes*

The Organization is exempt from Federal and State income taxes under Internal Revenue Code Section 501(c)(3). This code section enables the Organization to accept donations that qualify as charitable contributions to the donor.

Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2020, no uncertain positions are taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization is no longer subject to IRS audit for the years ending before June 30, 2016.

*In-kind Contributions*

In-kind contributions are reflected as contributions at their estimated fair value at the date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs and fund-raising campaigns but which do not meet the criteria for financial statement recognition.

**Note 2 - Availability and Liquidity**

The following represents the Organization's financial assets at June 30:

	<b>2020</b>	<b>2019</b>
Financial assets at year end:		
Cash	\$ 7,900,922	\$ 6,414,356
Notes receivable	-	37,338
Total financial assets at year end	<u>7,900,922</u>	<u>6,451,694</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(836,014)	(658,782)
Amounts restricted for operational use in next year	<u>836,014</u>	<u>658,782</u>
Less board designations:		
Adoption assistance reserve	(500,000)	(250,000)
Orphan care reserve	<u>(500,000)</u>	<u>(250,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,900,922</u>	<u>\$ 5,951,694</u>

As part of its liquidity plan, the Organization has a policy to structure its financial assets in order to have the funds available to meet its general expenditures, liabilities, and other obligations as they come due.

**SHAOHANNAH'S HOPE, INC.**  
**D/B/A SHOW HOPE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**Note 3 - Property and Equipment**

Property and equipment consist of the following as of June 30:

	2020	2019
Computers and equipment	\$ 69,048	\$ 140,133
Furniture and fixtures	16,801	18,077
Leasehold improvements	38,588	38,588
Software	4,267	6,086
	<u>128,704</u>	<u>202,884</u>
Accumulated depreciation	(79,339)	(140,579)
	<u>\$ 49,365</u>	<u>\$ 62,305</u>

**Note 4 - Net Assets**

Certain net assets with donor restrictions at June 30, 2020 and 2019 are for Adoption Assistance.

**Note 5 - Program Services**

The following is a detailed summary of program services as presented on the statement of activities for the years ended June 30:

	2020	2019
Adoption assistance	\$ 3,656,579	\$ 3,879,290
Adoption awareness	418,793	858,909
Orphan care	3,572,544	3,916,154
Program services	<u>\$ 7,647,916</u>	<u>\$ 8,654,353</u>

**Note 6 - Leases**

The Organization leases certain office equipment under non-cancelable operating leases. Future estimated minimum lease payments required under the leases are as follows:

Year Ending June 30,	
2021	\$ 3,036
2022	1,812
2023	453
	<u>\$ 5,301</u>

The Organization also has a month-to-month lease agreement for office space in Franklin, Tennessee. Rent expense associated with the monthly lease agreement for the years ended June 30, 2020 and 2019, was \$79,200 and \$93,600, respectively.

**Note 7 - Retirement Plan**

The Organization maintains a SIMPLE IRA plan for all eligible employees. Employees are eligible to participate in the plan after 12 months of employment. The Organization matches employee contributions up to 3% of employee salary. The Organization's contribution to employees' accounts for the years ended June 30, 2020 and 2019 was \$30,210 and \$31,352 respectively.

**SHAOHANNAH'S HOPE, INC.**  
**D/B/A SHOW HOPE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**Note 8 - Concentrations and Uncertainties**

Financial instruments that are exposed to concentrations of credit risk consist of cash on deposit with financial institutions and grants payable.

At various times during the year, the Organization's cash on deposit with financial institutions exceeded the federally insured limit of \$250,000. At June 30, 2020 and 2019, the Organization had deposits in excess of the federally insured limit totaling approximately \$7,565,000 and \$5,920,000, respectively.

At June 30, 2020, two adoption agencies accounted for 30% of grants payable. At June 30, 2019, three adoption agencies accounted for 40% of grants payable.

On March 11, 2020, the World Health Institute recognized the novel strain of coronavirus, COVID-19, as a pandemic. The extent of COVID-19's effect on the Company's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. If the pandemic continues to evolve into a long-term worldwide health crisis, the disease could have an adverse effect on the Company's business, results of operations, financial condition and cash flows.

**Note 9 - Related Party Transactions**

A company owned by an officer of the Organization was paid \$40,000 for a Christmas tour sponsorship (\$27,500) and a live event honorarium (\$12,500) for the fiscal year ending June 30, 2020.

The total of \$40,000 paid to a company owned by the officer of the Organization for tour sponsorship (11 tour stops) and a live event (1 event) compares to \$697,500 paid directly to the officer (\$37,500) and to a company owned by the officer (\$660,000) for house concerts (3) and tour sponsorships (66 tour stops) for the fiscal year ended June 30, 2019.

The decrease from FY18-19 to FY19-20 in the amounts paid is due to a decrease in the number of tour stops and house shows. The additional tour stops generated additional income to Show Hope in FY18-19, and continued to generate additional income in FY19-20.

The transactions were entered into within the boundaries of the Organization's conflict of interest policy including approval by majority vote by the Independent parties of the Organization's Board of Directors.

The current amounts paid to the officer of the Organization are significantly less than the industry standard average amount.

This officer made a contribution of \$40,712 and \$77,252 for the years ended June 30, 2020 and 2019, respectively, to the Organization.

**SHAOHANNAH'S HOPE, INC.**  
**D/B/A SHOW HOPE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**Note 10 - Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (ASU 2016-02), to supersede nearly all existing lease guidance under GAAP. ASU 2016-02 requires the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases currently classified as operating leases. ASU 2016-02 also requires qualitative disclosures along with specific quantitative disclosures and is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early application is permitted. Entities are required to apply the amendments at the beginning of the earliest period presented using a modified retrospective approach. The Organization is evaluating the requirements of this guidance and has not yet determined the impact of the adoption on its financial position, results of operations and cash flows.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). ASU 2016-13 requires organizations to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early application is permitted. Entities are required to apply the amendments at the beginning of the earliest period presented using a modified retrospective approach. The Organization is evaluating the requirements of this guidance and has not yet determined the impact of the adoption on its financial position, results of operations and cash flows.

**Note 11 - Subsequent Events**

The Organization has evaluated subsequent events through October 7, 2020, the date which the financial statements were available to be issued.