

HOPEWORKS 'N CAMDEN, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JUNE 30, 2021 AND 2020

TOGETHER WITH

INDEPENDENT AUDITOR'S REPORT

HOPEWORKS 'N CAMDEN, INC.

JUNE 30, 2021 AND 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1
Financial Statements	
Statements of Financial Position	3
Statement of Activities June 30, 2021	4
Statement of Activities June 30, 2020	5
Statement of Functional Expenses June 30, 2021	6
Statement of Functional Expenses June 30, 2020	7
Statements of Cash Flows	8
Notes to Financial Statements	9



51 Haddonfield Road
Suite 100
Cherry Hill, NJ 08002
Phone: (856) 858-7887
Phone: (215) 665-3979
Fax: (856) 858-1142
Web: www.rbscpa.com

Independent Auditor's Report

To: The Board of Trustees
Hopeworks 'N Camden, Inc.
Camden, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of ***Hopeworks 'N Camden*** (a New Jersey non-profit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, functional expenses, and 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 ***Hopeworks 'N Camden*** as of June 30, 2021 and 2020, 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.

Ray, Benadi, Szyz + Co.

Cherry Hill, NJ
January 19, 2022

HOPEWORKS 'N CAMDEN, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current assets		
Cash	\$ 471,337	\$ 648,154
Grants receivable, net of long-term portion	234,250	214,946
Contributions receivable, net of long-term portion	56,250	87,627
Accounts receivable, net	214,342	116,821
Prepaid expenses	<u>27,925</u>	<u>30,400</u>
Total current assets	<u>1,004,104</u>	<u>1,097,948</u>
Investments, at fair value	<u>4,704,247</u>	<u>3,451,235</u>
Property and equipment, net	<u>596,059</u>	<u>570,668</u>
Other assets		
Invested scholarship fund, at fair value	128,987	104,823
Grants receivable, long-term	100,000	100,000
Contributions receivable, long-term	5,000	60,000
Security deposit	<u>10,037</u>	<u>10,037</u>
Total other assets	<u>244,024</u>	<u>274,860</u>
Total assets	<u>\$ 6,548,434</u>	<u>\$ 5,394,711</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable	\$ 33,165	\$ 10,252
Accrued expenses	81,031	131,165
Paycheck Protection Program loan advance	<u>-</u>	<u>375,583</u>
Total current liabilities	114,196	517,000
Mortgage loan payable	<u>488,187</u>	<u>488,187</u>
Total liabilities	<u>602,383</u>	<u>1,005,187</u>
Net assets		
Without donor restrictions	4,856,907	3,537,351
With donor restrictions	<u>1,089,144</u>	<u>852,173</u>
Total net assets	<u>5,946,051</u>	<u>4,389,524</u>
Total liabilities and net assets	<u>\$ 6,548,434</u>	<u>\$ 5,394,711</u>

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

HOPEWORKS 'N CAMDEN, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

<u>REVENUE, GAINS AND SUPPORT</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Grants	\$ 1,447,941	\$ 653,139	\$ 2,101,080
Contributions	1,123,855	134,475	1,258,330
Program service revenue	620,072	-	620,072
Paycheck Protection Program loan forgiveness	378,824	-	378,824
Investment income	101,293	1,690	102,983
Gain on sale of investments	58,287	1,879	60,166
Unrealized gain on investments	561,747	20,596	582,343
	<u>4,292,019</u>	<u>811,779</u>	<u>5,103,798</u>
Net assets released from restrictions	<u>574,808</u>	<u>(574,808)</u>	<u>-</u>
Total revenue, gains and support	<u>4,866,827</u>	<u>236,971</u>	<u>5,103,798</u>
 <u>EXPENSES</u>			
Program services	<u>3,013,935</u>	<u>-</u>	<u>3,013,935</u>
Supporting services			
General and administrative	314,250	-	314,250
Fundraising	219,086	-	219,086
Total supporting services	<u>533,336</u>	<u>-</u>	<u>533,336</u>
Total expenses	<u>3,547,271</u>	<u>-</u>	<u>3,547,271</u>
Changes in net assets	1,319,556	236,971	1,556,527
Net assets, beginning of fiscal year	<u>3,537,351</u>	<u>852,173</u>	<u>4,389,524</u>
Net assets, end of fiscal year	<u>\$ 4,856,907</u>	<u>\$ 1,089,144</u>	<u>\$ 5,946,051</u>

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

HOPEWORKS 'N CAMDEN, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

<u>REVENUE, GAINS AND SUPPORT</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Grants	\$ 926,652	\$ 388,700	\$ 1,315,352
Contributions	860,149	227,317	1,087,466
Special events	81,366	-	81,366
Program service revenue	494,328	-	494,328
In-kind donations	1,355	-	1,355
Investment income	84,546	-	84,546
Loss on sale of investments	(47,949)	-	(47,949)
Unrealized gain on investments	53,631	2,991	56,622
Miscellaneous income	1,509	-	1,509
	<u>2,455,587</u>	<u>619,008</u>	<u>3,074,595</u>
Net assets released from restrictions	<u>442,722</u>	<u>(442,722)</u>	<u>-</u>
Total revenue, gains and support	<u>2,898,309</u>	<u>176,286</u>	<u>3,074,595</u>
 <u>EXPENSES</u>			
Program services	<u>2,463,170</u>	<u>-</u>	<u>2,463,170</u>
Supporting services			
General and administrative	228,796	-	228,796
Fundraising	<u>288,902</u>	<u>-</u>	<u>288,902</u>
Total supporting services	<u>517,698</u>	<u>-</u>	<u>517,698</u>
Total expenses	<u>2,980,868</u>	<u>-</u>	<u>2,980,868</u>
Changes in net assets	(82,559)	176,286	93,727
Net assets, beginning of fiscal year	<u>3,619,910</u>	<u>675,887</u>	<u>4,295,797</u>
Net assets, end of fiscal year	<u>\$ 3,537,351</u>	<u>\$ 852,173</u>	<u>\$ 4,389,524</u>

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

HOPEWORKS 'N CAMDEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries, payroll taxes and employee benefits	\$ 2,458,555	\$ 135,493	\$ 183,078	\$ 2,777,126
Special events	-	-	3,156	3,156
Occupancy	153,328	5,822	11,644	170,794
Insurance	11,205	3,170	1,116	15,491
Equipment expense	57,268	985	1,947	60,200
Scholarships	56,200	39,106	7	95,313
Training	20,010	945	1,342	22,297
Other project costs	49,449	314	560	50,323
Depreciation	28,848	6,048	3,037	37,933
Office expenses	14,773	2,660	6,548	23,981
Software and computer supplies	12,042	1,815	1,159	15,016
Travel and entertainment	417	17	33	467
Professional services	95,869	76,116	1,299	173,284
Marketing and promotion	47,695	4,673	4,160	56,528
Bad debt expense	8,276	29,877	-	38,153
Other expenses	-	7,209	-	7,209
	<u>\$ 3,013,935</u>	<u>\$ 314,250</u>	<u>\$ 219,086</u>	<u>\$ 3,547,271</u>

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

HOPEWORKS 'N CAMDEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries, payroll taxes and employee benefits	\$ 2,031,138	\$ 115,564	\$ 218,643	\$ 2,365,345
Special events	930	28	30,584	31,542
Occupancy	124,907	5,809	11,617	142,333
Insurance	13,033	3,259	1,303	17,595
Equipment expense	32,063	821	1,643	34,527
Scholarships	59,854	5	10	59,869
Training	24,544	1,223	3,540	29,307
Other project costs	54,054	701	603	55,358
Depreciation	31,978	1,609	3,218	36,805
Office expenses	19,856	4,369	6,185	30,410
Software and computer supplies	16,612	2,083	624	19,319
Travel and entertainment	7,205	208	328	7,741
Professional services	2,302	55,374	242	57,918
Marketing and promotion	44,072	5,109	10,344	59,525
Bad debt expense	-	26,998	-	26,998
Other expenses	622	5,636	18	6,276
	<u>\$ 2,463,170</u>	<u>\$ 228,796</u>	<u>\$ 288,902</u>	<u>\$ 2,980,868</u>

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

HOPEWORKS 'N CAMDEN, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2021</u>	<u>2020</u>
Changes in net assets	\$ 1,556,527	\$ 93,727
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	37,933	36,805
Unrealized losses/(gains) on investments, net	(582,343)	(56,622)
Forgiveness of Paycheck Protection Program loan advance	(378,824)	-
(Increase) decrease in assets:		
Grants receivable	(19,304)	(10,833)
Contributions receivable	86,377	21,123
Accounts receivable	(97,521)	(32,121)
Prepaid expenses	2,475	(12,193)
Increase (decrease) in liabilities:		
Accounts payable	22,913	(59,877)
Accrued expenses	(50,134)	44,015
Net cash provided by operating activities	<u>578,099</u>	<u>24,024</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Invested scholarship fund, net	(24,164)	1,009
(Purchase)/sale of temporary investments, net	(667,428)	(16,237)
Purchase of property and equipment	(63,324)	(19,074)
Net cash (used in) investing activities	<u>(754,916)</u>	<u>(34,302)</u>
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Paycheck Protection Program loan advance	-	375,583
Net cash provided by financing activities	<u>-</u>	<u>375,583</u>
Net (decrease) increase in cash	(176,817)	365,305
Cash, beginning of fiscal year	<u>648,154</u>	<u>282,849</u>
Cash, end of fiscal year	<u>\$ 471,337</u>	<u>\$ 648,154</u>

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

HOPEWORKS 'N CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2021 AND 2020

1. NATURE OF OPERATIONS

Hopeworks 'N Camden, Inc. (*"Hopeworks"*) is a New Jersey, non-profit corporation established in April 1999. It is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Hopeworks is dedicated to fostering the cause of economic revitalization in the City of Camden, New Jersey, through the training and development of the at-risk youth of the city. The programs include website design and development, ongoing site maintenance, and job placement to internships in local companies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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, which require Hopeworks 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 Hopeworks. These net assets may be used at the discretion of Hopeworks' management and the 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 Hopeworks or by the passage of time.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the 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.

Accounts Receivable

Accounts receivable for website design and development are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Accounts receivable are stated at the amount billed to the customer. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all the accounts receivable balances that exceed 90 days from invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Interest income on overdue accounts is not recognized until amounts are collected. The allowance for doubtful accounts as of June 30, 2021 and 2020 was \$10,000.

HOPEWORKS 'N CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, as determined by quoted market prices, with gains and losses included in the statement of activities and changes in net assets. Donated securities are recorded at the market value on the date of contribution.

Concentration of Credit Risk

Hopeworks principal financial instruments subject to credit risk are its cash and investments. At times, Hopeworks maintains balances in excess of the insured limits.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investments in the near term would materially affect the amounts reported in the statement of financial position and the statement of activities.

Because of the inherent uncertainty of valuation, estimated fair values of the alternative investments may differ significantly from the values that would have been used had a readily determinable market for the investments existed, and the difference could be material. Due to the long-term holding period and lack of marketability of private equity investments, the alternative investments should not be considered liquid investments that are readily convertible into cash.

Historically, Hopeworks has not incurred any significant credit related loss and believes it is not exposed to any significant risk on its concentrations.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of the donation. When retired or otherwise disposed of, the carrying value of the assets and related depreciation are removed from the respective accounts, and the net difference, less any amount realized from disposition, is charged or credited to income.

Major additions and betterments in excess of \$1,000 are charged to the property and equipment accounts, while replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets, are expensed currently.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from three to ten years.

Use of Estimates

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

HOPEWORKS 'N CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time to Hopeworks' programs. These contributed services are not reflected in the financial statements since the services do not require specialized skills, as defined by ASC 605.

Compensated Absences

Compensated absences for sick pay and personal time have not been accrued because they cannot be reasonably estimated. Hopeworks' policy is to recognize these costs when actually paid.

Revenue Recognition

Hopeworks has adopted Accounting Standards Update (ASU) No. 2014-09 – *Revenue from Contracts with Customers (Topic 606)*. Earned revenues from website design and development are recognized using a five-step process that requires all conditions to be met before revenue can be recognized. Revenue from website design and development is recognized when the services are performed. Management believes the standard improves the Organization's financial reporting.

Unconditional grants and contributions are recorded as revenue in their entirety in the year they are awarded. Due to the nature of these grants and contributions, significant increases and decreases in net assets may occur. These significant fluctuations can arise as grants and contributions are recognized as support in the fiscal period in which they are awarded, but the expenses incurred with such grants and contributions occur in a subsequent period.

Allocation of Functional Expenses

The cost of providing the programs and supporting services have been presented on a functional basis in the statements of activities. For salaries, taxes, and benefits, allocations are decided on an individual basis, based on the functions of each position. These allocations may be updated on a periodic basis based on the evolving responsibilities of a position, and by nature some positions will be split across multiple functions while others will be more compartmentalized. Rent and utilities are allocated based on square footage. All other expenses are allocated on the basis of time and effort percentages unless directly incurred by one function receiving the benefit.

Tax Status

Hopeworks is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for taxes has been included in the financial statements.

Management has reviewed tax positions taken in filings with federal and state jurisdictions and believes those positions would be sustained should the filings be examined by the relevant taxing authority. These tax filings are subject to examination, generally for three years after they are filed.

HOPEWORKS 'N CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Tax Status (Cont'd)

Should settlement of an examination or other event result in a change in management's evaluation of a tax position taken or expected to be taken in filings that have not been closed by statute or examination, any interest and penalties related to the unrecognized tax benefit as a result of the uncertain tax position would be included in interest expense and administrative expenses, respectively.

3. LIQUIDITY AND AVAILABILITY

	2021	2020
Total financial assets available within one year:		
Cash	\$ 471,337	\$ 648,154
Grants receivable, net of long-term portion	234,250	214,946
Contributions receivable, net of long-term portion	56,250	87,627
Accounts receivable, net	214,342	116,821
Investments, at market	4,704,247	3,451,235
Total financial assets	5,680,426	4,518,783
Less amounts unavailable for general expenditures within one year due to donor-imposed restrictions:		
Net assets with donor restrictions	(1,089,144)	(852,173)
Add amounts available within one year:		
Time restricted net assets at year-end to be received within one year for unrestricted purposes	450,000	176,250
Financial assets available to meet cash needs for general expenditures within one year	\$ 5,041,282	\$ 3,842,860

Hopeworks' goal is generally to maintain financial assets to meet six months of operating expenses (approximately \$1,800,000). Hopeworks manages its liquidity by operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. As part of its liquidity plan, excess cash is invested in liquid investments (See Note 6, *Investments*). During the years ended June 30, 2021 and 2020, Hopeworks has been able to meet cash needs for general expenditures within each respective year. In addition to these available financial assets, a significant portion of Hopeworks' annual expenditures will be funded by current year operating revenues including program service revenue, grants and contributions.

HOPEWORKS 'N CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2021 AND 2020

4. GRANTS RECEIVABLE

Grants receivable are as follows at June 30:

	2021	2020
Receivable in less than one year	\$ 234,250	\$ 214,946
Receivable in one to five years	100,000	100,000
Total grants receivable	334,250	314,946
Less: discounts to present value	-	-
Net grants receivable	\$ 334,250	\$ 314,946

A present value adjustment was considered immaterial and, therefore, not recorded for the long-term portion of the grants receivable.

5. CONTRIBUTIONS RECEIVABLE

Contributions receivable are as follows at June 30:

	2021	2020
Receivable in less than one year	\$ 56,250	\$ 87,627
Receivable in one to five years	5,000	60,000
Total contributions receivable	61,250	147,627
Less: discounts to present value	-	-
Net contributions receivable	\$ 61,250	\$ 147,627

A present value adjustment was considered immaterial and, therefore, not recorded for the long-term portion of the contributions receivable.

HOPEWORKS 'N CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2021 AND 2020

6. INVESTMENTS

The valuation techniques required by FASB ASC 820 are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect management's market assumptions. These two types of inputs create the three levels of fair value hierarchy described below:

- Level 1 - quoted prices in active markets for identical securities
- Level 2 - other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).
- Level 3 - significant unobservable inputs (including Hopeworks' own assumptions in determining the fair value of investments).

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to fair value measurement.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value Hopeworks' investments at June 30, 2021 and 2020 is as follows:

	2021			
	Total	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Non-operating cash	\$ 461,596	\$ 461,596	\$ -	\$ -
Bonds	1,765,883	1,765,883	-	-
Stocks	2,557,481	2,557,481	-	-
Mutual funds	48,274	48,274	-	-
Total	\$ 4,833,234	\$ 4,833,234	\$ -	\$ -

	2020			
	Total	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs
Non-operating cash	\$ 344,507	\$ 344,507	\$ -	\$ -
Bonds	1,351,729	1,351,729	-	-
Stocks	1,820,345	1,820,345	-	-
Mutual funds	39,477	39,477	-	-
Total	\$ 3,556,058	\$ 3,556,058	\$ -	\$ -

HOPEWORKS 'N CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2021 AND 2020

7. PROPERTY AND EQUIPMENT

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

	2021	2020
Computer equipment	\$ 58,233	\$ 58,233
Other equipment	46,978	32,855
Furniture	106,370	68,094
Building and improvements	631,128	620,203
	842,709	779,385
Less: accumulated depreciation	(246,650)	(208,717)
Property and equipment, net	\$ 596,059	\$ 570,668

Depreciation expense for the years ended June 30, 2021 and 2020 was \$37,933 and \$36,805, respectively. In fiscal year 2020, fully depreciated assets totaling \$229,546 were removed from property and equipment.

8. INVESTED SCHOLARSHIP FUND

An investment fund has been established to provide scholarships to selected youth enrolled in the Hopeworks programs. Any proceeds earned are retained in the account and restricted for scholarship awards (See Note 11, *Net Assets With Donor Restrictions*). The funds are carried at fair value and are Level 1 investments (See Note 6, *Investments*).

9. MORTGAGE LOAN PAYABLE

The New Jersey Housing and Mortgage Finance Agency has advanced interest-free funds for the construction of a residential facility for Hopeworks youth. Construction advances were \$488,187 as of June 30, 2021 and 2020. If Hopeworks maintains the facility for its intended use, the mortgage loan will be forgiven in 2042.

10. PAYCHECK PROTECTION PROGRAM LOAN ADVANCE

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. Hopeworks received a loan in the amount of \$375,583 through the Paycheck Protection Program, an initiative of the Coronavirus Aid, Relief, and Economic Security (CARES) Act passed by Congress in response to COVID-19. In March 2021, the loan, including \$3,241 of accrued interest, was forgiven in full and is included on the Statement of Activities.

HOPEWORKS 'N CAMDEN, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2021 AND 2020

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent amounts being held by Hopeworks, which are subject to donor restrictions. These amounts are generally available for a particular purpose, as dictated by the donor's instruments. Net assets are released from donor restrictions by accomplishing the stipulated use restrictions.

Net assets are designated to be used as follows as of June 30:

	2021	2020
Program expenses	\$ 300,364	\$ 392,510
Time restrictions	650,000	276,250
Scholarships	138,780	183,413
Total	\$ 1,089,144	\$ 852,173

12. COMMITMENTS

Hopeworks leases office space under agreements expiring in 2025 and 2030. Rent expense totaled \$132,126 and \$126,909 for the years ended June 30, 2021 and 2020, respectively. Future minimum lease payments under this operating lease are:

Year ended June 30,	Amount
2022	\$ 142,659
2023	148,805
2024	151,523
2025	154,375
Thereafter	249,556
	\$ 846,918

13. SUBSEQUENT EVENTS

In preparing these financial statements, management of Hopeworks has evaluated events and transactions for potential recognition or disclosure through January 19, 2022, the date the financial statements were available to be issued. Hopeworks had the following significant or material subsequent events through January 19, 2022.

The novel coronavirus continues to have an adverse effect on the economy. There is significant uncertainty surrounding the current situation and the financial impact cannot be reasonably estimated at this time.