



ONEHOPE, INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017





REPORT OF INDEPENDENT AUDITOR

The Board of Directors
OneHope, Inc.
Pompano Beach, Florida

We have audited the accompanying consolidated financial statements of OneHope, Inc. ("the Ministry"), which consist of the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Ministry's preparation and fair presentation of the consolidated 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 Ministry'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of OneHope, Inc. as of December 31, 2018 and 2017, the consolidated changes in its net assets, and its consolidated 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 "Battis Morrison Wales & Lee, P.A." in a cursive script.

BATTIS MORRISON WALES & LEE, P.A.

Orlando, Florida
March 29, 2019

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ONEHOPE, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2018	2017
ASSETS		
Cash and cash equivalents	\$ 8,098,399	\$ 7,831,009
Investments	10,155,192	9,383,238
Other assets	2,178,486	3,130,870
Property and equipment, net	13,085,088	13,137,440
Total assets	\$ 33,517,165	\$ 33,482,557

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 1,861,437	\$ 2,490,605
Other liabilities	328,675	217,322
Note payable	—	200,000
Total liabilities	2,190,112	2,907,927

NET ASSETS

Without donor restrictions		
Undesignated	21,765,540	21,241,018
Assets board designated for future Ministry venture projects	8,753,355	8,811,732
Total without donor restrictions	30,518,895	30,052,750
With donor restrictions	808,158	521,880
Total net assets	31,327,053	30,574,630
Total liabilities and net assets	\$ 33,517,165	\$ 33,482,557

ONEHOPE, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES

	For The Year Ended December 31, 2018			For The Year Ended December 31, 2017
	Without Donor Restrictions	With Donor Restrictions	Total	
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS				
Contributions without donor restrictions	\$ 30,513,211	\$ —	\$ 30,513,211	\$ 27,709,455
Contributions with donor restrictions	—	4,835,697	4,835,697	2,962,043
Tenant and accommodation revenue	2,162,224	—	2,162,224	2,201,183
Other income	1,175,673	—	1,175,673	3,048,832
Gain from sale of assets	—	—	—	17,000,000
Net assets released from restrictions	<u>4,549,419</u>	<u>(4,549,419)</u>	<u>—</u>	<u>—</u>
Total public support and revenue and net assets released from restrictions	<u>38,400,527</u>	<u>286,278</u>	<u>38,686,805</u>	<u>52,921,513</u>
Expenses				
Program activities	<u>32,241,607</u>	<u>—</u>	<u>32,241,607</u>	<u>39,813,680</u>
Supporting activities				
General and administrative	3,660,089	—	3,660,089	3,604,383
Fundraising	<u>2,032,686</u>	<u>—</u>	<u>2,032,686</u>	<u>2,226,741</u>
Total supporting activities	<u>5,692,775</u>	<u>—</u>	<u>5,692,775</u>	<u>5,831,124</u>
Total expenses	<u>37,934,382</u>	<u>—</u>	<u>37,934,382</u>	<u>45,644,804</u>
Change in net assets without donor restrictions	466,145	—	466,145	7,265,608
Change in net assets with donor restrictions	<u>—</u>	<u>286,278</u>	<u>286,278</u>	<u>11,101</u>
CHANGE IN NET ASSETS	466,145	286,278	752,423	7,276,709
NET ASSETS - Beginning of year	<u>30,052,750</u>	<u>521,880</u>	<u>30,574,630</u>	<u>23,297,921</u>
NET ASSETS - End of year	<u>\$ 30,518,895</u>	<u>\$ 808,158</u>	<u>\$ 31,327,053</u>	<u>\$ 30,574,630</u>

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

ONEHOPE, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2018

	Program Activities	Supporting Activities			Total Expenses
		General and Administrative	Fundraising	Total Supporting Activities	
Labor	\$ 5,894,520	\$ 2,054,009	\$ 721,292	\$ 2,775,301	\$ 8,669,821
Printing	9,162,828	—	—	—	9,162,828
Overseas contract services	2,494,280	—	—	—	2,494,280
Information technology, program promotion, and other office expenses	1,397,816	350,940	378,568	729,508	2,127,324
Benefits	1,379,318	476,118	177,068	653,186	2,032,504
Overseas travel, conferences, and meeting expense	1,969,536	205	3,085	3,290	1,972,826
Travel and meetings	1,175,359	392,785	383,303	776,088	1,951,447
Facilities, repairs, maintenance, & depreciation	1,677,391	60,167	47,615	107,782	1,785,173
Contract labor	1,531,624	—	208,370	208,370	1,739,994
Production	1,201,558	2,431	75,294	77,725	1,279,283
Overseas ministry expense	1,142,880	268	863	1,131	1,144,011
Shipping	1,142,815	600	—	600	1,143,415
Overseas warehouse and equipment expense	971,243	247	494	741	971,984
Grants	590,468	36	114	150	590,618
Professional fees and insurance	165,075	309,804	9,062	318,866	483,941
Other expenses	344,896	12,479	27,558	40,037	384,933
Total	\$ 32,241,607	\$ 3,660,089	\$ 2,032,686	\$ 5,692,775	\$ 37,934,382

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ONEHOPE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Years Ended	
	December 31,	
	2018	2017
OPERATING CASH FLOWS		
Cash received from donors	\$ 35,164,681	\$ 30,494,299
Cash received from rentals and other activities	4,763,807	4,797,920
Cash paid for operating activities and costs (including program grants)	(38,112,288)	(43,118,114)
Interest paid	(1,030)	(15,710)
Net operating cash flows	1,815,170	(7,841,605)
INVESTING CASH FLOWS		
Purchases of investments	(1,001,779)	(8,222,042)
Purchases of and improvements to property and equipment	(346,001)	(128,331)
Proceeds from sale of assets	—	14,720,000
Proceeds from sale of property	—	350,000
Net investing cash flows	(1,347,780)	6,719,627
FINANCING CASH FLOWS		
Repayments of notes payable	(200,000)	(880,008)
Net financing cash flows	(200,000)	(880,008)
NET CHANGE IN CASH AND CASH EQUIVALENTS	267,390	(2,001,986)
CASH AND CASH EQUIVALENTS - Beginning of year	7,831,009	9,832,995
CASH AND CASH EQUIVALENTS - End of year	\$ 8,098,399	\$ 7,831,009

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

ONEHOPE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES

OneHope Coalition of Transformational Churches, Inc. (“the Ministry”) is a not-for-profit Florida corporation located in Pompano Beach, Florida, whose purpose is to bring together evangelical churches from across the globe that are committed to co-laboring and pursuing meaningful and measurable change in the spiritual and social lives of their members, communities, and nations through outcome-based ministry.

OneHope, Inc. (“the Organization”) is a not-for-profit Florida corporation located in Pompano Beach, Florida, formed to affect destiny by providing God’s Eternal Word to all children and youth of the world. To accomplish its mission, the scripture book, *The Book of Hope*, and an animated film, *The GodMan*, are distributed around the world in various languages. Pursuant to the Organization’s governing documents, the members of the Organization’s Board of Directors are composed of the members of the Ministry’s Board of Directors.

During 2017, the Ministry and the Organization entered into a merger agreement whereby all assets and liabilities of the Organization were transferred to the Ministry as of April 1, 2017. Additionally, all activities previously conducted by the Organization are now carried out by the Ministry. In conjunction with the merger, the Ministry changed its name to OneHope, Inc.

In conformity with accounting principles generally accepted in the United States of America (“GAAP”), the consolidated financial statements of the Ministry include the accounts of the following organizations, which are separate legal entities, all located in Pompano Beach, Florida:

- 1CTC, LLC (“the LLC”) is a single member limited liability company of which the Ministry is the sole member. The LLC was created to hold title to real property including The Marie Green Forum facility, which includes a Christian conference center, lodging facilities, and office space primarily occupied by the Ministry, other Christian nonprofit organizations, and certain other tenants.
- Marie Green Forum, LLC (“the Forum”) is a single member limited liability company of which the Ministry is the sole member. The Forum was created to operate and manage The Marie Green Forum facility.
- Kindrid, LLC (“Kindrid”) is a single member limited liability company of which the Ministry is the sole member. Kindrid was created to provide a mobile platform for churches to unleash generosity through smart giving. During 2017, all assets used in conjunction with the operation of the smart giving platform were sold in accordance with an agreement further described in Note I. Subsequent to the sale, Kindrid changed its name to KinBlessing, LLC. On January 1, 2018, the Ministry transferred its membership interest in KinBlessing, LLC to Life Covenant Church, Inc. d/b/a Life.Church, an Oklahoma nonprofit corporation (see Note J).
- OneHope Fund, LLC (“OneHope Fund”) is a single member limited liability company of which the Ministry is the sole member. OneHope Fund was created to operate endowment and resource development activities to provide resources to fulfill the mission of the Ministry.
- Book of Hope Foundation, Inc. (“BHF”) is a not-for-profit Florida corporation which exists to operate for the benefit of the Ministry. The Ministry has the authority to appoint a majority of the board members of BHF.
- OneHope South Africa, LLC is a single member limited liability company of which the Ministry is the sole member. OneHope South Africa, LLC was created to hold title to certain property.
- Bible Media Group, LLC (“BMG”) is a single member limited liability company of which the Ministry is the sole member. BMG was created in 2018 to produce and distribute certain media content to fulfill the mission of the Ministry.

All significant interorganization balances and transactions have been eliminated in consolidation. References to “the Ministry” in these footnotes include each of the organizations described above.

ONEHOPE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Ministry recognizes cash contributions as revenue when the contributions are received by the Ministry. Contributions received are recorded as with or without restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without restrictions and reported in the consolidated statements of activities as “net assets released from restrictions.” Net assets released from restrictions were \$2,950,942 for 2017.

Cash and cash equivalents

All investment instruments purchased or donated with original maturities of three months or less are considered to be cash equivalents.

Property and equipment

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. Depreciation is provided using the straight-line method over the expected useful lives of the related assets.

Board designated net assets

Board designated net assets are designated for future Ministry venture projects and are not for regular Ministry operations.

Net assets with donor restrictions

Net assets with donor restrictions consist of amounts restricted primarily for book distribution in certain geographic areas and various Ministry projects.

Functional allocation of expenses

The consolidated statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time.

Income taxes

The Ministry and BHF are exempt from federal income tax as organizations described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Florida law. The Ministry and BHF are further classified as public charities and not private foundations for federal tax purposes. The LLC, the Forum, Kindrid, OneHope Fund, OneHope South Africa, LLC, and BMG are treated as disregarded entities for federal tax purposes. The Forum and Kindrid engage in certain unrelated business activities.

Use of estimates

Management uses estimates and assumptions in preparing the consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these consolidated financial statements include those related to estimating the fair value of investments and the estimated useful lives of property and equipment. Actual results could differ from the estimates.

ONEHOPE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently adopted accounting pronouncement

Financial Accounting Standards Board Accounting Standards Update (“ASU”) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities is effective for the Ministry’s consolidated financial statements for the year ended December 31, 2018. The ASU requires various changes to the presentation of financial statements for not-for-profit entities, the most significant of which relate to the classifications of net assets, a requirement to report expenses by natural classification as well as by functional classification, and new required disclosures related to an entity’s liquidity and availability of resources. The last two requirements are optional for the year ended December 31, 2017, and the Ministry has elected not to apply these provisions to the 2017 consolidated financial statements. The adoption of the ASU had no effect on the Ministry’s consolidated net assets as of December 31, 2018 or 2017 or the consolidated change in net assets presented for the year ended December 31, 2017.

Reclassifications

Certain amounts included in the December 31, 2017 consolidated financial statements have been reclassified to conform to classifications adopted during the year ended December 31, 2018. The reclassifications had no material effect on the accompanying consolidated financial statements.

Subsequent events

The Ministry has evaluated for possible financial reporting and disclosure subsequent events through March 29, 2019, the date as of which the consolidated financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available within one year of the date of the consolidated statement of financial position for general expenditure are as follows:

Cash and cash equivalents	\$ 8,098,399
Investments	<u>10,155,192</u>
Total financial assets available	18,253,591
Less:	
Amounts unavailable to management without Board approval, board-designated net assets	<u>(8,753,355)</u>
Net financial assets available within one year	<u>\$ 9,500,236</u>

The Ministry is primarily supported by contributions. As part of the Ministry’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Board of Directors has designated certain amounts for future ministry venture projects. Because of the designation, these amounts are not available for general expenditure within the next year; however, the Board of Directors could make them available, if necessary. The Ministry’s donor-restricted net assets are available for general expenditure within one year of December 31, 2018, because the restrictions on the net assets are expected to be met by conducting the normal activities of the Ministry’s programs in the coming year.

NOTE D – CONCENTRATIONS

The Ministry maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Ministry has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

ONEHOPE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE D – CONCENTRATIONS (Continued)

During 2018 and 2017, more than 75% of the Ministry’s contribution revenue came from a small group of donors. The Ministry hopes and expects to gratefully continue its relationship with these significant donors and would be adversely impacted financially if support from these donors were to diminish significantly or cease.

NOTE E – INVESTMENTS

Investments consisted of the following:

	December 31,	
	2018	2017
Government securities – United States Treasury Bills	\$ 3,372,764	\$ 8,419,386
Limited partnership interests, carried at cost	1,952,912	914,557
Equity securities	1,890,890	49,295
Corporate bonds	1,538,626	—
Convertible note	600,000	—
Other investments, carried at cost	550,000	—
Promissory notes	250,000	—
Total investments	\$ 10,155,192	\$ 9,383,238

Limited partnership interests, carried at cost

As of December 31, 2018 and 2017, BHF held interests in certain entities which are carried at cost in conformity with GAAP.

Convertible note

As of December 31, 2018, BHF’s convertible note has an original maturity of 88 months and bears interest at 9% per annum. The note can be converted into membership units of the borrower as stipulated in the note agreement. The note is unsecured and cannot be liquidated before maturity.

Other investments, carried at cost

As of December 31, 2018, BHF’s other investments consisted primarily of preferred stock and an interest in a limited liability company which are carried at cost in conformity with GAAP.

Promissory notes

As of December 31, 2018, BHF’s promissory notes have original maturities of 12 months and bear interest at 16% per annum.

NOTE F – FAIR VALUE MEASUREMENTS

GAAP defines fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of “inputs” an organization may use in determining or estimating fair value.

The inputs are categorized into “levels” that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs.

ONEHOPE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE F – FAIR VALUE MEASUREMENTS (Continued)

The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – unadjusted quoted market prices in active markets for identical items

Level 2 – other significant observable inputs (such as quoted prices for similar items)

Level 3 – significant unobservable inputs

Estimated fair value of assets measured on a recurring basis as of December 31, 2018, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Government securities - United				
States Treasury Bills	\$ 3,372,764	\$ 3,372,764	\$ —	\$ —
Equity securities	1,890,890	1,890,890	—	—
Corporate bonds	<u>1,538,626</u>	<u>1,538,626</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 6,802,280</u>	<u>\$ 6,802,280</u>	<u>\$ —</u>	<u>\$ —</u>

Estimated fair value of assets measured on a recurring basis as of December 31, 2017, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Government securities - United				
States Treasury Bills	\$ 8,419,386	\$ 8,419,386	\$ —	\$ —
Equity securities	<u>49,295</u>	<u>49,295</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 8,468,681</u>	<u>\$ 8,468,681</u>	<u>\$ —</u>	<u>\$ —</u>

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<u>Category</u>	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Land	\$ 3,496,809	\$ 3,496,809
Buildings and building improvements	11,977,456	11,649,101
Furniture and equipment	1,819,073	1,857,190
Computer equipment and software	757,827	1,310,887
Vehicles	<u>129,535</u>	<u>118,521</u>
Total property and equipment	18,180,700	18,432,508
Less: Accumulated depreciation	<u>(5,095,612)</u>	<u>(5,295,068)</u>
Net property and equipment	<u>\$ 13,085,088</u>	<u>\$ 13,137,440</u>

Depreciation expense amounted to \$398,353 and \$401,589 for 2018 and 2017, respectively.

ONEHOPE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE G – PROPERTY AND EQUIPMENT (Continued)

During a prior year, the Ministry entered into an agreement to rent its previous headquarters location to an unrelated third party under a long-term operating lease. The facility includes land with a carrying value of approximately \$460,000 and buildings with a carrying value of approximately \$743,000 as of December 31, 2018.

NOTE H – NOTE PAYABLE

Note payable consisted of purchase money mortgage payable to a Board member. The note was unsecured and carried interest at 4% per annum. The note was due on demand and was paid in full during 2018.

Interest expense was \$1,030 and \$15,710 during 2018 and 2017, respectively.

NOTE I – SALE OF KINDRID

During 2017, the Ministry entered into a contractual agreement which involved the sale of the Kindrid line of activity, including certain assets with minimal carrying value, in exchange for \$16,000,000 in cash proceeds plus a \$1,000,000 note receivable. In addition, the Ministry received 300,000 units of a limited partnership interest (140,000 units were issued to OneHope and 160,000 units were issued to Kindrid). The assets transferred by the Ministry in the transaction had no carrying value, and the limited partnership interest received is carried at the historical cost of the assets given up, or zero. In accordance with GAAP, the partnership interest received is carried at the lower of cost or market value. The Ministry deems its cost for the partnership interest to be zero in the interests of conservatism and practicality. The Ministry has not obtained independent data to support a different carrying value. If and when an event occurs resulting in the disposition of all or part of the partnership interest in exchange for assets that may be carried at a higher value, a gain will be recognized to the extent of any net proceeds in the period in which such disposition occurs. Additionally, any cash distributions received by the Ministry as a result of its holding of the limited partnership interest will be recognized as income when received. See also Note J.

NOTE J – GRANT TO LIFE COVENANT CHURCH, INC.

Subsequent to the closing of the sale described in Note I, the Ministry authorized cash grants totaling \$5,600,000 to Life Covenant Church, Inc., an Oklahoma nonprofit corporation. As of December 31, 2017, \$512,000 of the \$5,600,000 remained as an accrued grant payable which was subsequently paid during 2018. A member of the Ministry's Board of Directors serves in a position of leadership at Life Covenant Church, Inc. In addition, on January 1, 2018, the Ministry assigned its membership of KinBlessing, LLC (formerly known as Kindrid, LLC) to Life Covenant Church, Inc., thereby granting 160,000 limited partnership interest units to Life Covenant Church, Inc., leaving the Ministry with 140,000 units.

NOTE K – TRANSACTIONS WITH RELATED PARTIES

During 2018 and 2017, the Ministry paid approximately \$482,000 and \$219,000, respectively, to Board members, their family members, or organizations in which Board members or their family members have ownership interests for printing, mailing, management, fundraising, interest (see Note H), and consulting services.

The Ministry cooperates in ministry with Hope Educational Foundation International, Inc. ("Hope Ed"), a Florida not-for-profit corporation, in accomplishing its purpose. Several members of the Ministry's Board of Directors, or their family members, also serve in positions of leadership for Hope Ed. During 2018 and 2017, the Ministry made payments of approximately \$2,937,000 and \$2,603,000, respectively, to Hope Ed.

ONEHOPE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE L – RETIREMENT PLAN

The Ministry maintains a 403(b) retirement plan (“the Plan”) for which employees are eligible to participate upon meeting the eligibility requirements described in the Plan document. Eligible employees may make tax-deferred contributions to the Plan. The Ministry provides a matching contribution for each participant’s elective deferrals up to 6%. The Ministry may also provide a discretionary annual matching contribution based on each participant’s elective deferrals. Matching contributions of approximately \$387,000 and \$413,000 were made to the Plan during 2018 and 2017, respectively.

NOTE M – COMMITMENTS

The Ministry is obligated under various contracts for printing and related services. The actual dollar amount of the contracts varies depending upon actual production needs of the Ministry.

At December 31, 2018, the Forum was party to a contract totaling approximately \$1,200,000 to perform elevator modernization in the Marie Green Forum facility. Approximately \$854,000 remained unpaid related to this contract as of December 31, 2018 and will be paid as work is completed.

NOTE N – LEASES

The Forum leases office space to tenants under non-cancelable operating leases. The following is a schedule by year of future minimum lease payments to be received (including common area charges) under the leases at December 31, 2018:

<u>Year Ending</u> <u>December 31,</u>	
2019	\$ 1,505,000
2020	539,000
2021	298,000
2022	222,000
2023	304,000
Thereafter	<u>1,153,000</u>
Total	<u>\$ 4,021,000</u>