



**Hopegivers International, Inc.**

**Financial Statements**

**Year Ended December 31, 2020**

**duncan ashe**  
AUDITORS | ACCOUNTANTS | CONSULTANTS

**Hopegivers International, Inc.**  
**Year Ended December 31, 2020**

**TABLE OF CONTENTS**

Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Hopegivers International, Inc.

We have audited the accompanying financial statements of Hopegivers International, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Hopegivers International, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited Hopegivers International, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Duncan Ashe, P.A.*

Greensboro, North Carolina  
June 28, 2021

Hopegivers International, Inc.  
Statement of Financial Position  
December 31, 2020  
with Comparative Totals for 2019

3

	2020	2019
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 774,792	\$ 181,465
Marketable investments	626,846	-
Total current assets	1,401,638	181,465
Property and equipment, at cost, net of accumulated depreciation of \$85,168 and \$133,628	1,256	322,821
Total assets	\$ 1,402,894	\$ 504,286
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 4,689	\$ 4,353
Payroll taxes payable	-	18,832
Accrued expenses	-	250
Current portion of long-term debt	-	96,283
Total current liabilities	4,689	119,718
Net assets:		
Net assets without donor restrictions	1,393,852	366,942
Net assets with donor restrictions	4,353	17,626
Total net assets	1,398,205	384,568
Total liabilities and net assets	\$ 1,402,894	\$ 504,286

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

Hopegivers International, Inc.  
Statement of Activities  
For the Year Ended December 31, 2020  
with Comparative Totals for 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Totals</u>	<u>2019 Totals</u>
Revenues, Gains and Other Support:				
Contributions	\$ 1,445,298	518,456	\$ 1,963,754	\$ 1,539,872
Investment income	4,004	-	4,004	-
Gain/(loss) on sale of fixed assets	395,721	-	395,721	-
Unrealized gain/(loss) on investment	1,884	-	1,884	-
Other income	11,915	-	11,915	-
Net assets released from restriction	<u>531,729</u>	<u>(531,729)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>2,390,551</u>	<u>(13,273)</u>	<u>2,377,278</u>	<u>1,539,872</u>
Functional Expenses				
Program services	983,645	-	983,645	1,244,936
Management and general	270,296	-	270,296	393,023
Fundraising	<u>109,700</u>	<u>-</u>	<u>109,700</u>	<u>91,940</u>
Total functional expenses	<u>1,363,641</u>	<u>-</u>	<u>1,363,641</u>	<u>1,729,899</u>
Change in net assets	1,026,910	(13,273)	1,013,637	(190,027)
Net assets - beginning of year	<u>366,942</u>	<u>17,626</u>	<u>384,568</u>	<u>574,595</u>
Net assets - end of year	<u>\$ 1,393,852</u>	<u>4,353</u>	<u>\$ 1,398,205</u>	<u>\$ 384,568</u>

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

Hopegivers International, Inc.  
Statement of Functional Expenses  
For the Year Ended December 31, 2020  
with Comparative Totals for 2019

5

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2020 Totals</u>	<u>2019 Totals</u>
Salaries	\$ 30,729	133,807	31,039	\$ 195,575	\$ 282,064
Employee benefits	-	66,292	-	66,292	34,079
Payroll taxes	2,351	10,584	2,837	15,772	19,827
Total salaries and related expenses	<u>33,080</u>	<u>210,683</u>	<u>33,876</u>	<u>277,639</u>	<u>335,970</u>
Advertising	-	-	-	-	1,477
Bank fees	-	893	22,800	23,693	25,580
Depreciation	537	-	-	537	723
Events	-	-	2,727	2,727	9,449
Insurance	-	4,612	-	4,612	6,618
Interest	-	258	-	258	6,131
Membership dues	-	4,509	-	4,509	3,190
Office supplies	-	8,642	-	8,642	10,750
Postage and shipping	-	-	13,084	13,084	17,348
Printing and distribution	-	-	14,810	14,810	17,463
Professional fees	-	11,417	2,681	14,098	15,915
Programs - Haiti	121,000	-	-	121,000	119,612
Programs - India	820,349	-	-	820,349	1,051,822
Repairs and maintenance	-	7,685	-	7,685	7,920
Software	-	-	8,233	8,233	7,548
Travel	8,578	3,432	10,140	22,150	72,851
Utilities	100	18,165	1,349	19,614	19,532
Other expenses	1	-	-	1	-
Total functional expenses	<u>\$ 983,645</u>	<u>270,296</u>	<u>109,700</u>	<u>\$ 1,363,641</u>	<u>\$ 1,729,899</u>
Functional expenses by percent	<u>72%</u>	<u>20%</u>	<u>8%</u>	<u>100%</u>	

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

Hopegivers International, Inc.  
Statement of Cash Flows for the Year Ended December 31, 2020  
with Comparative Totals for 2019

6

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from donations	\$ 1,975,669	\$ 1,568,645
Interest and dividend income	4,004	-
Cash paid to suppliers and employees	<u>(1,381,850)</u>	<u>(1,667,945)</u>
Net cash provided (used) by operating activities	<u>597,823</u>	<u>(99,300)</u>
Cash flows from investing activities:		
Net proceeds (purchase) of investment mutual fund shares	(624,962)	-
Proceeds from sale of fixed assets	<u>716,749</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>91,787</u>	<u>-</u>
Cash flows from financing activities:		
Payments to reduce long-term debt	<u>(96,283)</u>	<u>(7,227)</u>
Net cash provided (used) by financing activities	<u>(96,283)</u>	<u>(7,227)</u>
Net increase (decrease) in cash	593,327	(106,527)
Cash, equivalents, and restricted cash at beginning of period	<u>181,465</u>	<u>287,992</u>
Cash, equivalents, and restricted cash at end of period	<u>\$ 774,792</u>	<u>\$ 181,465</u>

Reconciliation of Decrease in Net Assets  
to Net Cash Provided (Used) by Operating Activities:

Increase (decrease) in net assets	\$ 1,013,637	\$ (190,027)
Adjustments:		
Depreciation	537	723
Gain/loss on sale of fixed assets	(395,721)	-
Unrealized (gain)/loss on marketable investments	(1,884)	-
Gift of vehicle	-	42,500
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	-	28,776
Increase (decrease) in:		
Accounts payable	336	1,528
Accrued payroll	(18,832)	16,950
Accrued interest	<u>(250)</u>	<u>250</u>
Net cash provided (used) by operating activities	<u>\$ 597,823</u>	<u>\$ (99,300)</u>

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

Hopegivers International, Inc.  
Notes to Financial Statements  
December 31, 2020

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Hopegivers International, Inc. (the "Organization") exists for the purpose of supporting ministry partners to provide aid to the sick, needy, and suffering. The Organization's main source of support is from donor contributions.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) and accordingly, reflect all significant receivables, payables and liabilities.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Property and Equipment**

The Organization capitalizes property and equipment over \$1,000 while lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service and the Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over their estimated useful lives. Estimated useful lives for furniture, fixtures, and equipment range between three and ten years, while estimated useful lives for buildings and improvements range between fifteen and forty years. Depreciation expense for the years ended December 31, 2020 and 2019 was \$537 and \$723, respectively.

Hopegivers International, Inc.  
Notes to Financial Statements  
December 31, 2020

### **Net Assets**

The Organization classifies operating revenues and public support, operating expenses and non-operating changes 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 available for use in general operations and are not subject to donor restrictions, such as public support and revenues that are not subject to donor-imposed stipulations. All expenses are reported as decreases in net assets without donor restrictions. These net assets may be used at the discretion of management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors. A donor-imposed restriction is a donor stipulation that specifies a use for a contributed asset that is more specific than broad limits resulting from the nature of the not-for-profit entity, the environment in which it operates, or the purposes specified in the articles of incorporation, bylaws or other comparable documents. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events.

### **Contributions**

The Organization receives contributions to support operating activities and capital projects. These contributions can be from individuals, foundations, corporations, or trusts. Contributions are reported as without donor restrictions unless the donor has restricted the donation to a particular program or fund. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. If the donor has imposed two or more restrictions on a contribution, the expiration of those restrictions shall be recognized in the period in which the last remaining restriction has expired.

### **Contributed Services**

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization at the facilities, however these services do not meet the criteria for recognition as contributed services.

### **Advertising**

Advertising costs are charged to operations when incurred. There was no advertising expense for the year ended December 31, 2020 and advertising expense for the year ended December 31, 2019 was \$1,477.

Hopegivers International, Inc.  
Notes to Financial Statements  
December 31, 2020

### Income Taxes

The Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and is not a private foundation under Section 170(b)(1)(A)(vi). The Organization is also exempt from state income tax and, therefore, no provision for income tax has been made in the accompanying statement of activities. The Organization's federal *Return of Organization Exempt From Income Tax* (Form 990) for 2018 - 2020 are subject to examination by the IRS, generally for three years after they were filed.

The Organization accounts for income taxes in accordance with ASC 740, *Accounting for Uncertainty in Income Taxes*. ASC 740 requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return where there is uncertainty about whether a tax position will ultimately be sustained upon examination.

The Organization has evaluated its tax positions and determined that it does not have any uncertain tax positions that meet the criteria under ASC 740. Accordingly, the provisions of ASC 740 did not have any impact on the accompanying financial statements.

### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon estimates developed by management.

## 2. CONCENTRATION OF RISK

The Organization maintains in high quality financial institutions deposits that at times exceed the insured amounts of \$250,000 provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The excess amount at December 31, 2020 was \$525,505. There were no cash deposits in excess of the limit insured by the Federal Deposit Insurance Corporation at December 31, 2019. The Organization believes it is not exposed to any significant credit risk to cash.

## 3. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash - Operating	\$ 760,290	\$ 158,744
Cash - Savings	10,149	5,096
Cash - Designated	4,352	17,626
Marketable investments	<u>626,846</u>	-
Total financial assets	<u>\$ 1,401,637</u>	<u>\$ 181,466</u>

Hopegivers International, Inc.  
Notes to Financial Statements  
December 31, 2020

The Organization's goal is to maintain cash and cash equivalents to meet 30 days of operating expenses.

#### 4. MARKETABLE INVESTMENTS

The marketable investment consists of mutual funds which are carried at quoted market value. Investment costs, quoted market values, unrealized gains (losses) and dividends are as follows:

	<u>2020</u>	<u>2019</u>
Cost	\$ 624,962	\$ -
Quoted market value	626,846	-
Unrealized gain/(loss)	1,834	-
Realized gain/(loss) and dividends	3,928	-

Investments are held at Regions Investments and are reported at fair market value on the accompanying statement of financial position.

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels, as follows: Level 1 inputs consist of unadjusted quoted prices for identical assets in active markets; Level 2 inputs consist of quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations whose inputs and/or significant value drivers are observable; and Level 3 inputs consist of instruments with primarily unobservable value drivers. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. The fair value of investments using Level 1 inputs reported was \$626,846 and \$0 at December 31, 2020 and 2019, respectively.

#### 5. PROPERTY AND EQUIPMENT

Property and equipment was comprised of the following at December 31, 2020 and December 31, 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ -	\$ 305,500
Building	-	64,525
Furniture and fixtures	19,656	19,656
Equipment	<u>66,768</u>	<u>66,768</u>
Property and equipment	86,424	456,449
Less, accumulated depreciation	<u>(85,168)</u>	<u>(133,628)</u>
Property and equipment, net	<u>\$ 1,256</u>	<u>\$ 322,821</u>

Hopegivers International, Inc.  
Notes to Financial Statements  
December 31, 2020

## 6. DEBT OBLIGATIONS

Debt obligations consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Note payable to Wells Fargo Bank, bearing interest at a fixed rate of 5.50 percent, with monthly installments of principal and interest of \$1,068 maturing September, 2029. The note was secured by all land and improvements owned by the Organization. On January 23, 2020 the property secured by the note was sold and note was paid in full.	\$ <u>-</u>	\$ <u>96,283</u>
Total long-term debt	-	96,283
Less: current portion of long-term debt	<u>-</u>	<u>(96,283)</u>
Total long-term debt, less current portion	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

## 7. NET ASSET CLASSIFICATION

At December 31, 2020 and 2019, the net assets with donor restrictions were available for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Unexpended contributions donor designated for foreign specific mission objectives	\$ <u><u>4,353</u></u>	\$ <u><u>17,626</u></u>

## 8. OTHER REVENUE

As a response to the COVID-19 outbreak, the U.S. government has responded with relief legislation. Certain legislation, under the CARES Act, authorized emergency loans to businesses by establishing, and providing funding for, forgivable bridge loans under the Paycheck Protection Program (PPP). In May 2020, the Organization received \$11,915 under the PPP. Under the PPP, the Small Business Administration (SBA) will forgive the proceeds received if eligibility and certain other criteria are met related to use of the funds. The portion of the proceeds received that is not forgiven, if any, is converted to an unsecured term note payable in equal installments, including interest at 1%, through April 2022.

As of "APPLICABLE COVERED PERIOD END DATE," management believes the Organization has met the eligibility and certain other criteria related to use of the funds, and there is reasonable assurance that full forgiveness will be granted. Accordingly, the Organization has recognized \$11,915 of proceeds received under the PPP as grant income during the year ended December 31, 2020.

Hopegivers International, Inc.  
Notes to Financial Statements  
December 31, 2020

The Organization has applied for forgiveness under the PPP, which was forgiven in March 2021, subsequent to year end but before the issuance date of these financial statements. The SBA will have the right to audit the Organization's compliance with the PPP for a period of up to six years. Any unfavorable outcome resulting from the SBA's review or audit will be reported once known and may materially impact the Organization's financial position and/or results of operations.

**9. SUBSEQUENT EVENTS**

The Organization has performed an evaluation of subsequent events through June 28, 2021, which is the date the financial statements were available to be issued.