



Hopegivers International, Inc.
Financial Statements
Year Ended December 31, 2021

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Year Ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Hopegivers International, Inc.
Columbus, Georgia

Opinion

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, 2021 and 2020 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hopegivers International Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hopegivers International Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Duncan Ashe, P.A.

Greensboro, North Carolina
July 12, 2022

Hopegivers International, Inc.
Statement of Financial Position
December 31, 2021
with Comparative Totals for 2020

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| | 2021 | 2020 |
|--|--------------|--------------|
| <u>Assets</u> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,335,437 | \$ 774,792 |
| Marketable investments | 626,819 | 626,846 |
| Total current assets | 1,962,256 | 1,401,638 |
| Property and equipment, at cost, net of accumulated depreciation of \$86,424 and \$85,168 | - | 1,256 |
| Total assets | \$ 1,962,256 | \$ 1,402,894 |
| <u>Liabilities and Net Assets</u> | | |
| Current liabilities: | | |
| Accounts payable | \$ 747 | \$ 4,689 |
| Total current liabilities | 747 | 4,689 |
| Net assets: | | |
| Net assets without donor restrictions | 1,950,652 | 1,393,852 |
| Net assets with donor restrictions | 10,857 | 4,353 |
| Total net assets | 1,961,509 | 1,398,205 |
| Total liabilities and net assets | \$ 1,962,256 | \$ 1,402,894 |

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

Hopegivers International, Inc.
Statement of Activities
For the Year Ended December 31, 2021
with Comparative Totals for 2020

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>2021 Totals</u> | <u>2020 Totals</u> |
|--------------------------------------|---|------------------------------------|---------------------|---------------------|
| Revenues, Gains and Other Support: | | | | |
| Contributions | \$ 1,621,686 | 663,738 | \$ 2,285,424 | \$ 1,963,754 |
| Investment income | 1,791 | - | 1,791 | 4,004 |
| Gain/(loss) on sale of fixed assets | - | - | - | 395,721 |
| Unrealized gain/(loss) on investment | (1,868) | - | (1,868) | 1,884 |
| Other income | 57 | - | 57 | 11,915 |
| Net assets released from restriction | <u>657,234</u> | <u>(657,234)</u> | <u>-</u> | <u>-</u> |
| Total revenues | <u>2,278,900</u> | <u>6,504</u> | <u>2,285,404</u> | <u>2,377,278</u> |
| Functional Expenses | | | | |
| Program services | 1,315,916 | - | 1,315,916 | 983,645 |
| Management and general | 288,855 | - | 288,855 | 270,296 |
| Fundraising | <u>117,329</u> | <u>-</u> | <u>117,329</u> | <u>109,700</u> |
| Total functional expenses | <u>1,722,100</u> | <u>-</u> | <u>1,722,100</u> | <u>1,363,641</u> |
| Change in net assets | 556,800 | 6,504 | 563,304 | 1,013,637 |
| Net assets - beginning of year | <u>1,393,852</u> | <u>4,353</u> | <u>1,398,205</u> | <u>384,568</u> |
| Net assets - end of year | <u>\$ 1,950,652</u> | <u>10,857</u> | <u>\$ 1,961,509</u> | <u>\$ 1,398,205</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, 2021
with Comparative Totals for 2020

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| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>2021 Totals</u> | <u>2020 Totals</u> |
|--|-----------------------------|-----------------------------------|--------------------|------------------------|------------------------|
| Salaries | \$ 37,616 | 150,682 | 12,315 | \$ 200,613 | \$ 195,575 |
| Employee benefits | - | 67,100 | - | 67,100 | 66,292 |
| Payroll taxes | - | 25,491 | 1,655 | 27,146 | 15,772 |
| Total salaries and related expenses | <u>37,616</u> | <u>243,273</u> | <u>13,970</u> | <u>294,859</u> | <u>277,639</u> |
| Bank fees | - | 2,614 | 29,590 | 32,204 | 23,693 |
| Depreciation | 1,256 | - | - | 1,256 | 537 |
| Events | - | - | 4,949 | 4,949 | 2,727 |
| Insurance | - | 4,670 | - | 4,670 | 4,612 |
| Interest | - | - | - | - | 258 |
| Membership dues | - | 4,565 | - | 4,565 | 4,509 |
| Office supplies | - | 6,007 | - | 6,007 | 8,642 |
| Postage and shipping | - | - | 16,124 | 16,124 | 13,084 |
| Printing and distribution | - | - | 23,085 | 23,085 | 14,810 |
| Professional fees | - | 10,105 | 2,859 | 12,964 | 14,098 |
| Programs - Haiti | 85,905 | - | - | 85,905 | 121,000 |
| Programs - India | 1,159,778 | - | - | 1,159,778 | 820,349 |
| Repairs and maintenance | - | 4,765 | - | 4,765 | 7,685 |
| Software | - | - | 8,618 | 8,618 | 8,233 |
| Travel | 31,219 | 5,091 | 15,749 | 52,059 | 22,150 |
| Utilities | 142 | 7,765 | 2,385 | 10,292 | 19,615 |
| Total functional expenses | <u>\$ 1,315,916</u> | <u>288,855</u> | <u>117,329</u> | <u>\$ 1,722,100</u> | <u>\$ 1,363,641</u> |
| Functional expenses by percent | <u>76%</u> | <u>17%</u> | <u>7%</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, 2021
with Comparative Totals for 2020

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| | <u>2021</u> | <u>2020</u> |
|--|---------------------|--------------------|
| Cash flows from operating activities: | | |
| Cash received from donations | \$ 2,285,424 | \$ 1,975,669 |
| Interest and dividend income | 1,848 | 4,004 |
| Cash paid to suppliers and employees | <u>(1,726,654)</u> | <u>(1,379,966)</u> |
| Net cash provided (used) by operating activities | <u>560,618</u> | <u>599,707</u> |
| Cash flows from investing activities: | | |
| Net proceeds (purchase) of investment mutual fund shares | 27 | (626,846) |
| Proceeds from sale of fixed assets | <u>-</u> | <u>716,749</u> |
| Net cash provided (used) by investing activities | <u>27</u> | <u>89,903</u> |
| Cash flows from financing activities: | | |
| Payments to reduce long-term debt | <u>-</u> | <u>(96,283)</u> |
| Net cash provided (used) by financing activities | <u>-</u> | <u>(96,283)</u> |
| Net increase (decrease) in cash | 560,645 | 593,327 |
| Cash, equivalents, and restricted cash at beginning of period | <u>774,792</u> | <u>181,465</u> |
| Cash, equivalents, and restricted cash at end of period | <u>\$ 1,335,437</u> | <u>\$ 774,792</u> |
| <u>Reconciliation of Decrease in Net Assets</u> <u>to Net Cash Provided (Used) by Operating Activities:</u> | | |
| Increase (decrease) in net assets | \$ 563,304 | \$ 1,013,637 |
| Adjustments: | | |
| Depreciation | 1,256 | 537 |
| Gain/loss on sale of fixed assets | - | (395,721) |
| Changes in operating assets and liabilities: | | |
| Increase (decrease) in: | | |
| Accounts payable | (3,942) | 336 |
| Accrued payroll | - | (18,832) |
| Accrued interest | <u>-</u> | <u>(250)</u> |
| Net cash provided (used) by operating activities | <u>\$ 560,618</u> | <u>\$ 599,707</u> |

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

Hopegivers International, Inc.
Notes to Financial Statements
December 31, 2021

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, 2021 and 2020 was \$1,256 and \$537, respectively.

Hopegivers International, Inc.
Notes to Financial Statements
December 31, 2021

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. Advertising expense for the year ended December 31, 2021 and 2020 was \$4,763 and \$4,752.

Hopegivers International, Inc.
Notes to Financial Statements
December 31, 2021

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, 2021 and 2020 was \$1,087,040 and \$525,505, respectively. The Organization believes it is not exposed to any significant credit risk to cash.

Hopegivers International, Inc.
Notes to Financial Statements
December 31, 2021

3. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|------------------------|---------------------|---------------------|
| Cash - Operating | \$ 1,324,580 | \$ 760,290 |
| Cash - Savings | - | 10,149 |
| Cash - Designated | 10,857 | 4,352 |
| Marketable investments | <u>626,819</u> | <u>626,846</u> |
| Total financial assets | <u>\$ 1,962,256</u> | <u>\$ 1,401,637</u> |

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>2021</u> | <u>2020</u> |
|------------------------------------|-------------|-------------|
| Cost | \$ 626,804 | \$ 624,962 |
| Quoted market value | 626,819 | 626,846 |
| Unrealized gain/(loss) | (1,884) | 1,834 |
| Realized gain/(loss) and dividends | 1,790 | 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 \$626,819 and \$626,846 at December 31, 2021 and 2020, respectively.

Hopegivers International, Inc.
Notes to Financial Statements
December 31, 2021

5. PROPERTY AND EQUIPMENT

Property and equipment was comprised of the following at December 31, 2021 and December 31, 2020:

| | <u>2021</u> | <u>2020</u> |
|--------------------------------|-----------------|-----------------|
| Furniture and fixtures | 19,656 | 19,656 |
| Equipment | <u>66,768</u> | <u>66,768</u> |
| Total property and equipment | 86,424 | 86,424 |
| Less, accumulated depreciation | <u>(86,424)</u> | <u>(85,168)</u> |
| Property and equipment, net | <u>\$ -</u> | <u>\$ 1,256</u> |

6. NET ASSET CLASSIFICATION

At December 31, 2021 and 2020 the net assets with donor restrictions were available for the following purposes or periods:

| | <u>2021</u> | <u>2020</u> |
|---|------------------|-----------------|
| Unexpended contributions donor designated for foreign specific mission objectives | <u>\$ 10,857</u> | <u>\$ 4,353</u> |

7. PAYROLL PROTECTION PROGRAM

In May 2020, the Organization was granted a loan from a bank in the amount of \$11,915 pursuant to the Paycheck Protection Plan (PPP) under the provisions of the CARES Act. The loan was in the form of a note dated May 2020 issued by the borrower, maturing April 2022 and bears interest at the rate of 1% per annum. Funds from the loan may only be used for payroll costs, rent, and utilities. Under the terms of the loan, certain amounts may be forgiven if they are used for qualifying expenses as described in the CARES Act. When the December 31, 2020 financial statements were issued, the Organization was confident that the loan would be forgiven, therefore recognized the proceeds as grant revenue on the December 31, 2020 financial statements. In the year ended December 31, 2021, the Paycheck Protection Plan (PPP) loan was fully forgiven, but no revenue will be recognized in 2021 related to the loan.

8. SUBSEQUENT EVENTS

The Organization has performed an evaluation of subsequent events through July 12, 2022, which is the date the financial statements were available to be issued.