



Hopegivers International, Inc.

Financial Statements

Year Ended December 31, 2022

Hopegivers International, Inc.
Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To 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 statements of financial position as of December 31, 2022, 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, 2022, 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Correction of an Error

As discussed in Note 9 to the financial statements, a fixed asset purchase and corresponding debt obligation during an accounting period prior to January 1, 2021 was recognized resulting in a change in beginning net assets at January 1, 2021 and restatement of the comparative totals for the year-ending December 31, 2021. Our opinion is not modified with respect to that matter.

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.

Auditor's 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 auditor's 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 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.

Report on Summarized Comparative Information

We have previously audited Hopegivers International, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 12, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dennis Ashe, P.A.

Greensboro, North Carolina
August 14, 2023

Hopegivers International, Inc.
Statement of Financial Position
December 31, 2022
with Comparative Totals for 2021

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<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 1,172,122	\$ 1,335,436
Marketable investments	630,916	626,819
Note receivable - related parties	16,000	-
Total current assets	<u>1,819,038</u>	<u>1,962,255</u>
Property and equipment, net of accumulated depreciation of \$171,462 and \$152,115 in 2022 and 2021, respectively	<u>555,500</u>	<u>503,638</u>
Total assets	<u>\$ 2,374,538</u>	<u>\$ 2,465,893</u>
 <u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 11,398	\$ 746
Notes payable - current portion	<u>61,066</u>	<u>48,000</u>
Total current liabilities	<u>72,464</u>	<u>48,746</u>
Noncurrent liabilities:		
Notes payable - net of current portion	<u>244,263</u>	<u>305,329</u>
Total noncurrent liabilities	<u>244,263</u>	<u>305,329</u>
Total liabilities	316,727	354,075
Net assets:		
Net assets without donor restrictions	1,942,138	2,100,961
Net assets with donor restrictions	<u>115,673</u>	<u>10,857</u>
Total net assets	<u>2,057,811</u>	<u>2,111,818</u>
Total liabilities and net assets	<u>\$ 2,374,538</u>	<u>\$ 2,465,893</u>

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

Hopegivers International, Inc.
Statement of Activities
For the Year Ended December 31, 2022
with Comparative Totals for 2021

	Without Donor Restrictions	With Donor Restrictions	2022	2021
Revenues, Gains and Other Support:				
Contributions	\$ 1,550,294	626,336	\$ 2,176,630	\$ 2,285,424
Investment income	-	-	-	1,791
Gain/(loss) on sale of fixed assets	20,000	-	20,000	-
Unrealized gain/(loss) on investment	4,095	-	4,095	(1,868)
Other income	120	-	120	57
Net assets released from restriction	<u>521,520</u>	<u>(521,520)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>2,096,029</u>	<u>104,816</u>	<u>2,200,845</u>	<u>2,285,404</u>
Functional Expenses				
Program services	1,806,926	-	1,806,926	1,282,513
Management and general	303,397	-	303,397	288,855
Fundraising	<u>144,529</u>	<u>-</u>	<u>144,529</u>	<u>117,329</u>
Total functional expenses	<u>2,254,852</u>	<u>-</u>	<u>2,254,852</u>	<u>1,688,697</u>
Change in net assets	<u>(158,823)</u>	<u>104,816</u>	<u>(54,007)</u>	<u>596,707</u>
Net assets - beginning of year	2,100,961	10,857	2,111,818	1,398,205
Prior period adjustment				
Change in fixed asset recognition (Note 9)	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,906</u>
Net assets - beginning of year (restated)	<u>2,100,961</u>	<u>10,857</u>	<u>2,111,818</u>	<u>1,515,111</u>
Net assets - end of year	<u>\$ 1,942,138</u>	<u>115,673</u>	<u>\$ 2,057,811</u>	<u>\$ 2,111,818</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, 2022
with Comparative Totals for 2021

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	Program Services	Management and General	Fundraising	2022 Totals	2021 Totals
Salaries	\$ 25,815	173,808	12,908	\$ 212,531	\$ 200,613
Employee benefits	-	64,076	-	64,076	67,100
Payroll taxes	-	14,412	1,846	16,258	27,146
Total salaries and related expenses	<u>25,815</u>	<u>252,296</u>	<u>14,754</u>	<u>292,865</u>	<u>294,859</u>
Bank fees	-	2,038	39,315	41,353	32,204
Depreciation	19,345	-	-	19,345	15,854
Events	-	-	859	859	4,949
Insurance	-	4,566	-	4,566	4,670
Membership dues	-	5,870	-	5,870	4,565
Office supplies	-	7,909	-	7,909	6,007
Postage and shipping	-	-	14,425	14,425	16,124
Printing and distribution	-	-	18,107	18,107	23,085
Professional fees	-	10,195	3,308	13,503	12,964
Programs - Haiti	108,815	-	-	108,815	85,905
Programs - India	1,638,778	-	-	1,638,778	1,111,777
Repairs and maintenance	-	4,349	-	4,349	4,765
Software	-	-	6,571	6,571	8,618
Travel	13,118	10,768	45,273	69,159	52,059
Utilities	1,046	5,406	1,917	8,369	10,292
Other expenses	9	-	-	9	-
Total functional expenses	<u>\$ 1,806,926</u>	<u>303,397</u>	<u>144,529</u>	<u>\$ 2,254,852</u>	<u>\$ 1,688,697</u>
Functional expenses by percent	<u>80%</u>	<u>14%</u>	<u>6%</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, 2022
with Comparative Totals for 2021

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	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from donations	\$ 2,176,630	\$ 2,287,220
Interest and dividend income	120	1,868
Cash paid to suppliers and employees	<u>(2,224,856)</u>	<u>(1,678,654)</u>
Net cash provided (used) by operating activities	<u>(48,105)</u>	<u>610,434</u>
Cash flows from investing activities:		
Proceed from sale of fixed asset	4,000	-
Net proceeds (purchase) of investment mutual fund shares	-	(1,790)
Purchase of property & equipment	<u>(71,209)</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>(67,209)</u>	<u>(1,790)</u>
Cash flows from financing activities:		
Repayment of long-term debt	<u>(48,000)</u>	<u>(48,000)</u>
Net cash provided (used) by financing activities	<u>(48,000)</u>	<u>(48,000)</u>
Net increase (decrease) in cash	(163,314)	560,644
Cash, equivalents, and restricted cash at beginning of period	<u>1,335,436</u>	<u>774,792</u>
Cash, equivalents, and restricted cash at end of period	<u>\$ 1,172,122</u>	<u>\$ 1,335,436</u>
 <u>Reconciliation of Decrease in Net Assets</u>		
<u>to Net Cash Provided (Used) by Operating Activities:</u>		
Increase (decrease) in net assets	\$ (54,007)	\$ 596,707
Adjustments:		
Depreciation	19,345	15,854
Gain on sale of property	(20,000)	-
Unrealized (gain)/loss on marketable securities	(4,095)	1,868
Changes in operating assets and liabilities:		
Increase (decrease) in:		
Accounts payable	<u>10,652</u>	<u>(3,995)</u>
Net cash provided (used) by operating activities	<u>\$ (48,105)</u>	<u>\$ 610,434</u>

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

Hopegivers International, Inc.
Notes to Financial Statements
December 31, 2022

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, 2022 and 2021 was \$19,345 and \$15,854, respectively.

Hopegivers International, Inc.
Notes to Financial Statements
December 31, 2022

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. 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, 2022 and 2021 was \$3,213 and \$4,763, respectively.

Hopegivers International, Inc.
Notes to Financial Statements
December 31, 2022

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 2019 - 2021 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 deposits in high quality financial institutions 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, 2022 and 2021 was \$924,263 and \$1,087,040, respectively. The Organization believes it is not exposed to any significant credit risk to cash.

Hopegivers International, Inc.
Notes to Financial Statements
December 31, 2022

3. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash - Operating	\$ 1,056,449	\$ 1,324,579
Cash - Designated	115,673	10,857
Marketable investments	630,916	626,819
Note receivable	<u>16,000</u>	<u>-</u>
Total financial assets	<u>\$ 1,819,038</u>	<u>\$ 1,962,255</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>2022</u>	<u>2021</u>
Cost	\$ 635,259	\$ 626,804
Quoted market value	630,916	626,819
Unrealized gain/(loss)	4,095	(1,868)
Realized gain/(loss) and dividends	-	1,790

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 \$630,916 and \$626,819 at December 31, 2022 and 2021, respectively.

Hopegivers International, Inc.
Notes to Financial Statements
December 31, 2022

5. TRANSACTIONS WITH RELATED PARTIES

The Organization has a note receivable for \$20,000 in exchange for a vehicle sold to an employee. This note is interest free with a promise to be paid back within twelve months. At December 31, 2022, the remaining balance due was \$16,000.

6. PROPERTY AND EQUIPMENT

Restated property and equipment was comprised of the following at December 31, 2022 and December 31, 2021:

	<u>2022</u>	<u>2021</u>
Furniture and fixtures	\$ 19,656	\$ 19,656
Equipment	66,768	66,768
Vehicles	71,209	-
Buildings	569,329	569,329
Total property and equipment	726,962	655,753
Less, accumulated depreciation	<u>(171,462)</u>	<u>(152,115)</u>
Property and equipment, net	<u>\$ 555,500</u>	<u>\$ 503,638</u>

7. LONG TERM DEBT

In 2017, the Organization entered into an agreement to purchase a mission in Bhilwara, India for \$975,000 from the owner and director of a mission in Bhilwara, India. The India Organization covered \$405,671 of the balance, leaving the Hopegivers International US office with a balance of \$569,329. The entire balance was initially financed with 120 monthly scheduled payments of \$4,000 with no interest. To date, \$264,000 has been paid on the balance, leaving a remaining liability of \$305,329. Additional balloon payments of \$13,066 have been scheduled for December of the remaining years 2023-2026 to cover the balance with a final balloon payment of \$33,066 due in July of 2027.

Maturities of the long-term debt as of December 31, 2022 are as follows:

2023	\$ 61,066
2024	61,066
2025	61,066
2026	61,066
2027	<u>61,065</u>
Total Liability Remaining	<u>\$ 305,329</u>

Hopegivers International, Inc.
Notes to Financial Statements
December 31, 2022

8. NET ASSET CLASSIFICATION

At December 31, 2022 and 2021 the net assets with donor restrictions were available for the following purposes or periods:

	<u>2022</u>	<u>2021</u>
Unexpended contributions donor designated for foreign specific mission objectives	\$ <u>115,673</u>	\$ <u>10,857</u>

9. PRIOR PERIOD ADJUSTMENT

In 2017, the Organization entered into an agreement to purchase a mission in Bhilwara, India. Management during 2022 determined this transaction represented an installment agreement and purchase of a building. The prior period adjustment reflects the components of the sale back to 2017 and restatement of activity through the change in beginning net assets at January 1, 2021. The reclassification of loan payments, \$168,000, from expenses to payable payments, and the recording of previously untaken depreciation expense of \$51,094 results in a net increase of net assets at January 1, 2021 of \$116,906. The 2021 comparative totals have been restated to reflect the fixed asset and debt obligation.

10. RECLASSIFICATIONS

Certain reclassifications have been made to the prior year financial statements for them to be in conformity with the current year presentation.

11. SUBSEQUENT EVENTS

The Organization has performed an evaluation of subsequent events through August 14, 2023, which is the date the financial statements were available to be issued.