

**HOPE ABIDES**

Audited Financial Statements

December 31, 2018

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Hope Abides  
Anacortes, Washington

We have audited the accompanying financial statements of Hope Abides, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

To the Board of Directors  
Hope Abides

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hope Abides as of December 31, 2018 and 2017, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Richardson & Company, LLP*

May 9, 2019

HOPE ABIDES

STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 48,379	\$ 71,361
TOTAL CURRENT ASSETS	<u>48,379</u>	<u>71,361</u>
TOTAL ASSETS	<u><u>\$ 48,379</u></u>	<u><u>\$ 71,361</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other liabilities		\$ 110
Payable to other organizations	\$ 4,375	1,762
TOTAL LIABILITIES	<u>4,375</u>	<u>1,872</u>
NET ASSETS		
Without donor restrictions	29,794	61,013
With donor restrictions	14,210	8,476
TOTAL NET ASSETS	<u>44,004</u>	<u>69,489</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 48,379</u></u>	<u><u>\$ 71,361</u></u>

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

HOPE ABIDES

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
NET ASSETS WITHOUT DONOR RESTRICTION		
REVENUES AND SUPPORT		
Contributions	\$ 65,959	\$ 50,501
Donated materials and services	4,520	4,008
Grants	2,700	6,000
Fundraising event	10,271	10,369
Other	13	14
Net assets released from restriction	8,476	11,968
TOTAL REVENUES AND SUPPORT	<u>91,939</u>	<u>82,860</u>
EXPENSES		
Program services:		
Grants and sponsorships to orphanages	114,500	55,357
Supporting services:		
Auditing services	4,520	4,008
Fundraising expenses	1,643	2,096
Miscellaneous expense	2,495	3,441
Total Supporting Services	<u>8,658</u>	<u>9,545</u>
TOTAL EXPENSES	<u>123,158</u>	<u>64,902</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(31,219)	17,958
NET ASSETS WITH DONOR RESTRICTIONS		
Unexpended sponsorships	14,210	8,476
Net assets released from restriction	(8,476)	(11,968)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>5,734</u>	<u>(3,492)</u>
CHANGE IN NET ASSETS	(25,485)	14,466
Net assets at beginning of year	<u>69,489</u>	<u>55,023</u>
NET ASSETS AT END OF YEAR	<u>\$ 44,004</u>	<u>\$ 69,489</u>

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

HOPE ABIDES

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (25,485)	\$ 14,466
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in assets and liabilities:		
Other receivables		12
Accounts payable and other liabilities	(110)	(590)
Payable to other organizations	2,613	1,762
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>(22,982)</u>	<u>15,650</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 (22,982)	 15,650
 Cash and cash equivalents at beginning of year	 <u>71,361</u>	 <u>55,711</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u><u>\$ 48,379</u></u>	 <u><u>\$ 71,361</u></u>

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

# HOPE ABIDES

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Hope Abides (Organization) is a nonprofit public benefit corporation whose purpose is to provide assistance to orphaned and destitute children in India. Donations are solicited to achieve the Organization's goals and objectives.

Basis of Presentation: The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

The Organization uses the accrual basis of accounting.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition: All contributions and grants are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reported as released from restriction.

Fundraising revenue is recognized in the period in which the event takes place.

Donated Equipment, Materials and Services: Donated equipment and materials are recorded as contributions at their estimated value at date of receipt. Donations of equipment are reported as increases in net assets without donor restriction unless the donor has restricted the donated asset to a specific purpose. Donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

HOPE ABIDES

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2018 and 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes: The Organization is a tax exempt organization under the Internal Revenue Service Section 501(c)(3). Under this Code section, the Organization is subject to federal and state taxes only on unrelated business income earned. There was no income from such activities during the years ended December 31, 2018 and 2017. The Organization is not a private foundation.

The Organization’s federal returns for the years ended December 31, 2017, 2016, and 2015 could be subject to examination by federal taxing authorities, generally for three years after they are filed. The Organization’s state returns for the years ended December 31, 2017, 2016, 2015, and 2014 could be subject to examination by state taxing authorities, generally for four years after they are filed.

Statement of Cash Flows: For the purpose of presentation in the statement of cash flows, the Organization considers investments with a maturity at purchase of three months or less to be cash equivalents.

Subsequent events: The Organization evaluated all events or transactions that occurred after December 31, 2018 and up to May 9, 2019, the date the financial statements were issued. During this period, the Organization did not have any recognizable or nonrecognizable subsequent events.

New Pronouncements: In August 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-14 that will simplify and improve how not-for-profit entities classify net assets as well as the information presented in financial statements and notes about liquidity, financial performance and cash flows. The Organization has adjusted the presentation of these statements accordingly to implement this ASU as of December 31, 2018.

NOTE B – AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets at December 31, 2018 and 2017:

	2018	2017
Financial assets at year end:		
Cash and cash equivalents	\$ 48,379	\$ 71,361
Total financial assets	<u>48,379</u>	<u>71,361</u>
Less amounts not available to be used within one year:		
Less net assets with purpose restrictions to be met in less than a year	14,210	8,476
	<u>14,210</u>	<u>8,476</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 34,169</u>	<u>\$ 62,885</u>

The Organization’s cash is maintained mostly in checking accounts, totaling \$33,035, providing the Organization with the needed liquidity to meet cash needs for general expenditures within one year of the balance sheet date.

HOPE ABIDES

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2018 and 2017

NOTE C – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2018 and 2017, represent grants and contributions to sponsor children in India that have not yet been paid to the donee orphanages at December 31, 2018 and 2017. The net assets released from restriction represent grants and contributions that have been paid to donee orphanages.

NOTE D – DONATED MATERIALS AND SERVICES

The amount of donated materials and services included in the financial statements for the years ended December 31, 2018 and 2017 totaling \$4,520 and 4,008, respectively, represent primarily the value of donated audit services. Expenses include \$4,520 and \$4,008 for the years ended December 31, 2018 and 2017, respectively, and are included in the auditing services line item in the Statement of Activities.

NOTE E – RELATED PARTY TRANSACTIONS

The Organization received donations of \$6,923 and \$6,983 from Board members for the years ended December 31, 2018 and 2017, respectively.