

HOPE ABIDES

Audited Financial Statements

December 31, 2021



550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hope Abides
Anacortes, Washington

Opinion

We have audited the accompanying financial statements of Hope Abides, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities 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 Hope Abides as of December 31, 2021 and 2020, and the results of its operations and 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 Hope Abides 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 Hope Abides' 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 of 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

To the Board of Directors
Hope Abides

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 judgement 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 the entity'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 Hope Abides' 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.

Richardson & Company, LLP

May 10, 2022

HOPE ABIDES

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 52,282	\$ 46,972
Promises to give	12,000	5,000
TOTAL CURRENT ASSETS	<u>64,282</u>	<u>51,972</u>
TOTAL ASSETS	<u>\$ 64,282</u>	<u>\$ 51,972</u>
LIABILITIES AND NET ASSETS		
NET ASSETS		
Without donor restrictions	24,936	15,806
With donor restrictions	39,346	36,166
TOTAL NET ASSETS	<u>64,282</u>	<u>51,972</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 64,282</u>	<u>\$ 51,972</u>

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

HOPE ABIDES

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
NET ASSETS WITHOUT DONOR RESTRICTION		
REVENUES AND SUPPORT		
Contributions	\$ 39,571	\$ 38,485
Donated materials and services	5,165	5,050
Grants	15,450	1,500
Fundraising event		500
Other	3	5
Net assets released from restriction	<u>24,166</u>	<u>22,460</u>
TOTAL REVENUES AND SUPPORT	<u>84,355</u>	<u>68,000</u>
EXPENSES		
Program services:		
Grants and sponsorships to orphanages	69,021	77,529
Supporting services:		
Auditing services	5,165	5,050
Miscellaneous expense	<u>1,039</u>	<u>1,236</u>
Total Supporting Services	<u>6,204</u>	<u>6,286</u>
TOTAL EXPENSES	<u>75,225</u>	<u>83,815</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	9,130	(15,815)
NET ASSETS WITH DONOR RESTRICTIONS		
Unexpended sponsorships	27,346	31,166
Net assets released from restriction	<u>(24,166)</u>	<u>(22,460)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>3,180</u>	<u>8,706</u>
CHANGE IN NET ASSETS	12,310	(7,109)
Net assets at beginning of year	<u>51,972</u>	<u>59,081</u>
NET ASSETS AT END OF YEAR	<u>\$ 64,282</u>	<u>\$ 51,972</u>

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

HOPE ABIDES

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 12,310	\$ (7,109)
Changes in assets and liabilities:		
Other assets		407
Promises to give	<u>(7,000)</u>	<u>5,000</u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>5,310</u>	<u>(1,702)</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 5,310	 (1,702)
 Cash and cash equivalents at beginning of year	 <u>46,972</u>	 <u>48,674</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u><u>\$ 52,282</u></u>	 <u><u>\$ 46,972</u></u>

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

HOPE ABIDES

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

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 net assets with donor restriction 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.

Promises to give comprise unconditional promises to give with collection periods through 2021. They are recorded as net assets with donor restriction until they are collected.

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

HOPE ABIDES

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2021 and 2020. The Organization is not a private foundation.

The Organization’s federal returns for the years ended December 31, 2020, 2019, and 2018 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, 2020, 2019, 2018, and 2017 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, 2021 and up to May 10, 2022, the date the financial statements were issued. During this period, the Organization did not have any recognizable or nonrecognizable subsequent events.

New Pronouncements: In September 2020, FASB issued ASI 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*, which will require that contributed nonfinancial assets be presented as a separate line item in the statement of activities and requires additional disclosures related to these contributions. This statement will be effective for the fiscal year ended June 30, 2022.

NOTE B – AVAILABILITY AND LIQUIDITY

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

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	\$ 52,282	\$ 46,972
Promises to give	12,000	5,000
Total financial assets	<u>64,282</u>	<u>51,972</u>
Less amounts not available to be used within one year:		
Less net assets with purpose restrictions	<u>27,346</u>	<u>31,166</u>
	<u>27,346</u>	<u>31,166</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 36,936</u>	<u>\$ 20,806</u>

The Organization’s cash is maintained mostly in checking accounts, 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, 2021 and 2020

NOTE C – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	<u>2021</u>	<u>2020</u>
Subject to the passage of time:		
Grants and contributions not yet paid to orphanages	\$ 27,346	\$ 31,166
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	<u>12,000</u>	<u>5,000</u>
	<u>\$ 39,346</u>	<u>\$ 36,166</u>

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, 2021 and 2020 totaling \$5,165 and \$5,050, respectively, represent primarily the value of donated audit services. Expenses include \$5,165 and \$5,050 for the years ended December 31, 2021 and 2020, 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 \$7,693 and \$6,634 from Board members for the years ended December 31, 2021 and 2020, respectively.

NOTE F – SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the grantors and donors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain.