

MINISTRY OF HOPE, INC.
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

Spencer Robinson, Jr. CPA, P.C.
Certified Public Accountant
Black Mountain, North Carolina

MINISTRY OF HOPE, INC.

BLACK MOUNTAIN, NORTH CAROLINA

DIRECTORS OF THE ORGANIZATION

Karen Bennett
Carmel A. Courtright
Elizabeth Daley, RN
Everette M. Dunn
William L. Grayson
Rex V. Hoffman
Patricia A. Johnson, PhD, MFT
Donna M. Kaminski, DO
Van Kornegay
Marilyn Manning, DMin
Mary Reagan, RN
Scott M. Rodehaver, PE
Kenneth E. Root, Jr. DO
James M. Skidmore, Jr. CPA
Glenn Taylor
Janet S. Wells
Helen L. Zimba

OFFICERS OF THE ORGANIZATION

Board Chair and President - Rex V. Hoffman
Board Vice Chair - Janet S. Wells
Secretary - Patricia A. Johnson, PhD, MFT
Treasurer - William L. Grayson
Assistant Treasurer - James M. Skidmore, Jr. CPA

MINISTRY OF HOPE, INC.

BLACK MOUNTAIN, NORTH CAROLINA

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SPENCER ROBINSON, JR. CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Ministry of Hope, Inc.

Opinion

We have audited the accompanying financial statements of Ministry of Hope, Inc. (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, 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 Ministry of Hope, Inc. as of December 31, 2020 and 2019, 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 Ministry of Hope, 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.

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 Ministry of Hope'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, 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.

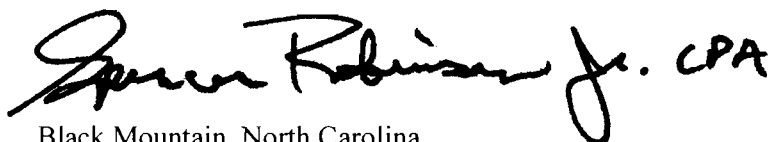
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 Ministry of Hope'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 Ministry of Hope'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules of contributions, program expenses (Malawi), and supporting services are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Black Mountain, North Carolina
June 15, 2021

MINISTRY OF HOPE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash:		
Unrestricted	\$ 80,915	\$ 64,573
Restricted	46,777	36,690
Total Cash	<u>127,692</u>	<u>101,263</u>
Accounts Receivable - NC Sales Tax	<u>174</u>	<u>177</u>
TOTAL ASSETS	<u><u>\$ 127,866</u></u>	<u><u>\$ 101,440</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts Payable	<u>\$ 2,336</u>	<u>\$ 2,828</u>
NET ASSETS:		
Without Donor Restrictions	78,753	61,922
With Donor Restrictions	46,777	36,690
Total Net Assets	<u>125,530</u>	<u>98,612</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 127,866</u></u>	<u><u>\$ 101,440</u></u>

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

MINISTRY OF HOPE, INC. STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019						
	2020			2019		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
CONTRIBUTIONS AND OTHER REVENUES:						
Contributions	\$ 200,112	\$ 182,661	\$ 382,773	\$ 163,177	\$ 158,743	\$ 321,920
Contributed Accounting Services	6,724	-	6,724	7,961	-	7,961
Interest	14	-	14	36	-	36
Other	200	-	200	332	-	332
Net Assets Released from Restriction	172,574	(172,574)	-	204,297	(204,297)	-
TOTAL CONTRIBUTIONS AND OTHER REVENUES	379,624	10,087	389,711	375,803	(45,554)	330,249
EXPENSES:						
Program Expenses (Malawi)	329,728	-	329,728	345,382	-	345,382
Supporting Services	33,015	-	33,015	34,432	-	34,432
Lesotho Charitable Trust	50	-	50	120	-	120
TOTAL EXPENSES	362,793	-	362,793	379,934	-	379,934
INCREASE (DECREASE) IN NET ASSETS	16,831	10,087	26,918	(4,131)	(45,554)	(49,685)
NET ASSETS, BEGINNING OF YEAR	61,922	36,690	98,612	66,053	82,244	148,297
NET ASSETS, END OF YEAR	\$ 78,753	\$ 46,777	\$ 125,530	\$ 61,922	\$ 36,690	\$ 98,612

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

MINISTRY OF HOPE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	\$ 26,918	\$ (49,685)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used for) Operating Activities:		
(Increase) Decrease in Accounts Receivable	3	17
Increase (Decrease) in Accounts Payable	(492)	(1,462)
Total Adjustments	<u>(489)</u>	<u>(1,445)</u>
Net Cash Provided by (Used for) Operating Activities	26,429	(51,130)
CASH, BEGINNING OF YEAR	<u>101,263</u>	<u>152,393</u>
CASH, END OF YEAR	<u>\$ 127,692</u>	<u>\$ 101,263</u>

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

MINISTRY OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1: NATURE OF ACTIVITIES & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Ministry of Hope, Inc. (the Organization) was incorporated under the Oregon Nonprofit Corporation Act on June 18, 2002 and was subsequently reorganized as a North Carolina nonprofit corporation on December 18, 2003.

MISSION

The Organization seeks to glorify God by reaching out to the orphans, widows, and the destitute with the gospel of Jesus Christ, providing hope as it ministers to their basic needs. The Board of Directors consists of members drawn from across the United States of America who are dedicated to supporting this mission.

In furtherance of the Organization's mission, Ministry of Hope Trust (Malawi) (the Trust) was established in 1999 by Malawians as a local, community-based response for meeting the physical and spiritual needs of the growing number of children orphaned by the Aids epidemic. The Trust's operations are overseen by a Board of Directors. The Trust sponsors community centers, discipleship and education programs, crisis nurseries, and international volunteer efforts through a Christ-centered, community-based approach in Malawi. The Organization provides a significant portion of the Trust's funding for its programs, administrative activities, and capital projects.

TAX STATUS

The Organization has been classified as a publically-supported charitable organization under the Internal Revenue Code Section 501(c)(3).

MINISTRY OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1: NATURE OF ACTIVITIES & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

USE OF ESTIMATES

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

NET ASSETS AND RECOGNITION OF DONOR RESTRICTIONS

The Organization reports, in compliance with FASB Accounting Standards Codification No. 958, information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The two classes of net assets are defined as follows:

Net Assets Without Donor Restrictions: Net assets not subject to donor-imposed restrictions. (Such net assets represent resources whose use is not limited or restricted by donors. They generally arise as a result of exchange transactions, unrestricted contributions, or restricted contributions whose restrictions have expired.)

Net Assets With Donor Restrictions: Net assets with donor-imposed restrictions. (Such net assets represent resources whose use is limited by donors for the purpose and/or time in which they may be expended. Eventually, net assets with donor restrictions are reclassified to net assets without donor restrictions as their time and purpose requirements are met.)

MINISTRY OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1: NATURE OF ACTIVITIES & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

DONATED SERVICES AND MATERIALS

A number of volunteers have donated and continue to donate a significant amount of time to the Organization's operations and program services. Contributed services that create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills are recorded in the financial statements at their estimated fair value.

Donated materials and equipment are reflected as contributions in the financial statements at their estimated fair value at the date of receipt.

NOTE 2: RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are available for the following purposes at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Mobile Medical Clinic	\$ 18,320	\$ 12,175
Education & Scholarship Programs	16,843	11,662
Lilongwe Crisis Nursery	4,595	2,694
Selengo Community Center	3,911	3,711
Hezekiah Crisis Nursery	1,328	1,328
Mission Projects	1,000	750
Famine Relief	355	2,500
Spiritual Development	305	1,070
Mzuzu Crisis Nursery	-	800
Other	120	-
Total Net Assets with Donor Restrictions	<u>\$ 46,777</u>	<u>\$ 36,690</u>

MINISTRY OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 3: CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at institutions that are insured by the Federal Deposit Insurance Corporation up to a maximum of \$250,000 for each account. From time-to-time the Organization's cash balances may exceed the insured limit.

NOTE 4: DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 15, 2021, the date that the financial statements were available to be issued.

NOTE 5: SUPPORTING SERVICES EXPENSE

Supporting services expense consist of the following expenses for the year ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Administrative Expenses:		
Audit Fees & Expenses	\$ 9,018	\$ 8,782
Administrative Office Expense	5,463	3,003
Insurance	1,007	955
Bank Charges & Wire Fees	946	989
Other	132	-
Total Administrative Expenses	<u>16,566</u>	<u>13,729</u>
Fundraising & Development Expenses:		
Newsletters	3,826	6,485
Software	2,758	2,760
Printing & Stationery	1,172	1,326
Postage & Shipping	1,154	1,287
Other	815	884
Total Fundraising & Development Expenses	<u>9,725</u>	<u>12,742</u>
Contributed Accounting Services Expense	<u>6,724</u>	<u>7,961</u>
Total Supporting Services Expense	<u>\$ 33,015</u>	<u>\$ 34,432</u>

**SUPPLEMENTARY
INFORMATION**

MINISTRY OF HOPE, INC.
SCHEDULES OF CONTRIBUTIONS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CONTRIBUTIONS WITHOUT DONOR RESTRICTIONS:		
Individuals	\$ 119,589	\$ 91,850
Churches	67,903	58,078
Foundations	6,450	11,449
Schools	4,370	-
Businesses	1,800	1,800
TOTAL CONTRIBUTIONS WITHOUT DONOR RESTRICTIONS	<u>200,112</u>	<u>163,177</u>
CONTRIBUTIONS WITH DONOR RESTRICTIONS:		
Famine Relief	64,205	53,920
Education & Scholarships	51,859	58,035
Crisis Nurseries:		
Lilongwe	20,757	11,499
Mzuzu	-	7,030
Total Crisis Nurseries	<u>20,757</u>	<u>18,529</u>
Mobile Medical Clinic	16,645	12,011
Malawi Visions Program	14,000	-
Short-term Missions and Special Projects	10,145	10,828
Community Centers	5,000	5,300
Lesotho Charitable Trust	50	120
TOTAL CONTRIBUTIONS WITH DONOR RESTRICTIONS	<u>182,661</u>	<u>158,743</u>
TOTAL CONTRIBUTIONS	<u>\$ 382,773</u>	<u>\$ 321,920</u>

MINISTRY OF HOPE, INC.
SCHEDULES OF PROGRAM EXPENSES (MALAWI)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
COMMUNITY CENTER & CRISIS NURSERY OPERATIONS	\$ 185,960	\$ 180,433
FAMINE RELIEF PROJECT	57,630	51,740
EDUCATION & SCHOLARSHIP PROGRAMS	46,678	57,424
MOBILE MEDICAL CLINIC	14,800	44,050
MALAWI VISIONS PROGRAM	14,750	-
OTHER PROJECTS	<u>9,910</u>	<u>11,735</u>
TOTAL PROGRAM EXPENSES (MALAWI)	<u><u>\$ 329,728</u></u>	<u><u>\$ 345,382</u></u>

See Independent Auditor's Report.

MINISTRY OF HOPE, INC.
SCHEDULES OF SUPPORTING SERVICES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
SUPPORTING SERVICES (USA):		
Administrative Expenses	\$ 16,566	\$ 13,729
Fundraising and Development Expenses	9,725	12,742
Contributed Accounting Services Expense	<u>6,724</u>	<u>7,961</u>
TOTAL SUPPORTING SERVICES (USA)	<u>\$ 33,015</u>	<u>\$ 34,432</u>

See Independent Auditor's Report.