

MINISTRY OF HOPE, INC.  
FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2016

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

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**MINISTRY OF HOPE, INC.**

**BLACK MOUNTAIN, NORTH CAROLINA**

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**DIRECTORS OF THE ORGANIZATION**

Carmel A. Courtright  
William L. Grayson  
Rex V. Hoffman  
Patricia A. Johnson, PhD, MFT  
Donna M. Kaminski, DO  
Van Kornegay  
Marilyn Manning, DMin  
Scott M. Rodehaver, PE  
Kenneth E. Root, Jr. DO  
James M. Skidmore, Jr. CPA  
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

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**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.

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, 2016 and 2015, 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 from 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.

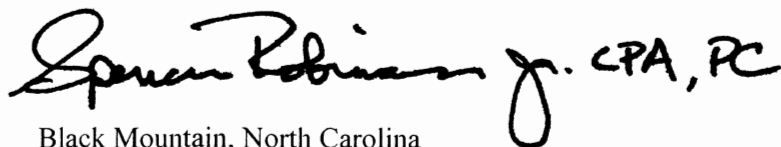
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

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, 2016 and 2015, 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.

### Report on 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.

A handwritten signature in black ink that reads "Spencer Robinson Jr. CPA, PC". The signature is written in a cursive style with a large, looped initial 'S'.

Black Mountain, North Carolina  
June 2, 2017

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**MINISTRY OF HOPE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2016 AND 2015**

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<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS:</b>		
Cash	\$ 174,928	\$ 213,341
Accounts Receivable - NC Sales Tax	<u>266</u>	<u>444</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 175,194</u></b>	<b><u>\$ 213,785</u></b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable	<u>\$ 4,343</u>	<u>\$ 3,374</u>
<b>NET ASSETS:</b>		
Unrestricted	80,192	89,402
Temporarily Restricted	<u>90,659</u>	<u>121,009</u>
Total Net Assets	<u>170,851</u>	<u>210,411</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 175,194</u></b>	<b><u>\$ 213,785</u></b>

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

MINISTRY OF HOPE, INC. STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015		2016			2015		
		UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
		<b>CONTRIBUTIONS AND OTHER REVENUES:</b>					
Contributions	\$ 178,405	\$ 201,366	\$ 379,771	\$ 187,236	\$ 237,036	\$ 424,272	
Contributed Accounting Services	7,275	-	7,275	13,080	-	13,080	
Interest	64	-	64	91	-	91	
Other	371	-	371	269	-	269	
Net Assets Released from Restriction	231,716	(231,716)	-	216,974	(216,974)	-	
<b>TOTAL CONTRIBUTIONS AND OTHER REVENUES</b>	<b>417,831</b>	<b>(30,350)</b>	<b>387,481</b>	<b>417,650</b>	<b>20,062</b>	<b>437,712</b>	
<b>EXPENSES:</b>							
Program Expenses (Malawi)	383,496	-	383,496	361,207	-	361,207	
Supporting Services	39,130	-	39,130	44,517	-	44,517	
Lesotho Charitable Trust	4,415	-	4,415	6,819	-	6,819	
<b>TOTAL EXPENSES</b>	<b>427,041</b>	<b>-</b>	<b>427,041</b>	<b>412,543</b>	<b>-</b>	<b>412,543</b>	
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(9,210)</b>	<b>(30,350)</b>	<b>(39,560)</b>	<b>5,107</b>	<b>20,062</b>	<b>25,169</b>	
<b>NET ASSETS, Beginning of Year</b>	<b>89,402</b>	<b>121,009</b>	<b>210,411</b>	<b>84,295</b>	<b>100,947</b>	<b>185,242</b>	
<b>NET ASSETS, End of Year</b>	<b>\$ 80,192</b>	<b>\$ 90,659</b>	<b>\$ 170,851</b>	<b>\$ 89,402</b>	<b>\$ 121,009</b>	<b>\$ 210,411</b>	

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**MINISTRY OF HOPE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (Decrease) in Net Assets	\$ (39,560)	\$ 25,169
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used for) Operating Activities:		
Decrease in Accounts Receivable	178	52
Increase (Decrease) in Accounts Payable	969	(808)
Total Adjustments	<u>1,147</u>	<u>(756)</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	(38,413)	24,413
<b>CASH, Beginning of Year</b>	<u>213,341</u>	<u>188,928</u>
<b>CASH, End of Year</b>	<u>\$ 174,928</u>	<u>\$ 213,341</u>

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



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**MINISTRY OF HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

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**Note 1: Nature of Activities and Summary of Significant Accounting Policies**

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**ORGANIZATION**

Ministry of Hope, Inc. (the Organization) is a nonprofit corporation organized on June 18, 2002 in Oregon. On December 18, 2003, the Organization was transferred to North Carolina and reorganized as a registered corporation in North Carolina.

**PURPOSE**

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

In 2009, the Ministry of Hope Charitable Trust in Lesotho (Lesotho Charitable Trust) was created in order to meet the needs of vulnerable children in Lesotho. The Organization received contributions designated for the Lesotho Charitable Trust in the amount of \$4,415 and \$3,489, respectively, for the years ended December 31, 2016 and 2015. Such contributions are periodically transferred to the Lesotho Charitable Trust.

**TAX STATUS**

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

**RECOGNITION OF DONOR RESTRICTIONS**

Contributions restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the contribution was received. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**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.

**FINANCIAL STATEMENT PRESENTATION**

The Organization reports, in compliance with FASB Accounting Standards Codification No. 958, information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes of net assets are defined as follows:

**Unrestricted Net Assets:** Unrestricted 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.

**Temporarily Restricted Net Assets:** Temporarily restricted net assets represent resources whose use is limited by donors for the purpose and/or time in which they may be expended. Eventually, temporarily restricted net assets are reclassified to unrestricted as their time and purpose requirements are met.

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**MINISTRY OF HOPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

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**Note 1: Nature of Activities and Summary of Significant Accounting Policies (Continued)**

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**FINANCIAL STATEMENT PRESENTATION (Continued)**

**Permanently Restricted Net Assets:** Permanently restricted net assets represent resources that must be maintained permanently. Like temporarily restricted net assets, only the donor may impose permanent restrictions. However, permanently restricted net assets generally do not get reclassified, since, by definition, their restrictions never expire.

**PROPERTY AND EQUIPMENT**

Donations of property and equipment are recorded as contributions at their estimated fair market 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 as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**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. Accordingly, actual results could differ from these estimates.

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**Note 2: Restrictions on Assets**

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Temporarily restricted net assets are available for the following purposes at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Construction Projects:		
Mzuzu Project	\$ 13,767	\$ 13,767
Mchinji Road Campus	17,206	17,206
Total Construction Projects	<u>30,973</u>	<u>30,973</u>
Selengo Community Center	2,711	6,481
Other Community Centers	2,218	3,000
Hezekiah Crisis Nursery ICU	2,415	2,415
Lilongwe Crisis Nursery	8,092	5,252
Mzuzu Crisis Nursery	1,422	-
Other Projects:		
Mobile Medical Clinic	23,332	20,082
Education & Scholarship Programs	11,212	16,956
S/T Mission Travel & Projects	4,000	750
Famine Relief	1,106	32,840
Miscellaneous	3,178	2,260
Total Other Projects	<u>42,828</u>	<u>72,888</u>
Total Temporarily Restricted Net Assets	<u>\$ 90,659</u>	<u>\$ 121,009</u>

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**MINISTRY OF HOPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

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**Note 3: Fundraising and Development Expense**

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Fundraising and development expenses for the year ended December 31, 2016 and 2015 amounted to \$15,796 and \$14,163, respectively.

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**Note 4: Concentration of Credit Risk**

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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 exceed the insured limit.

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**Note 5: Subsequent Events**

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In connection with the issuance of its financial statements for the year ended December 31, 2016, the Organization evaluated subsequent events through June 2, 2017.

**SUPPLEMENTARY  
INFORMATION**

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**MINISTRY OF HOPE, INC.**  
**SCHEDULES OF CONTRIBUTIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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	<u>2016</u>	<u>2015</u>
<b>CONTRIBUTIONS - UNRESTRICTED:</b>		
Churches	\$ 76,266	\$ 75,625
Individuals	94,936	80,370
Foundations	4,853	27,391
Businesses	2,350	3,850
<b>TOTAL CONTRIBUTIONS - UNRESTRICTED</b>	<u>178,405</u>	<u>187,236</u>
<b>CONTRIBUTIONS - TEMPORARILY RESTRICTED:</b>		
Crisis Nurseries:		
Lilongwe	27,594	22,386
Mzuzu	3,423	3,020
Total Crisis Nurseries	<u>31,017</u>	<u>25,406</u>
Education & Scholarships	44,331	65,093
Mobile Medical Clinic	16,400	20,587
Lesotho Charitable Trust	4,415	3,489
Community Centers	17,248	15,565
Famine Relief	78,331	113,784
Short-term Missions and Special Projects	9,624	9,071
Internships	-	600
Capital Projects	-	(16,559)
<b>TOTAL CONTRIBUTIONS - TEMPORARILY RESTRICTED</b>	<u>201,366</u>	<u>237,036</u>
<b>TOTAL CONTRIBUTIONS</b>	<u>\$ 379,771</u>	<u>\$ 424,272</u>

See Independent Auditor's Report.

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**MINISTRY OF HOPE, INC.**  
**SCHEDULES OF PROGRAM EXPENSES (MALAWI)**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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	<u>2016</u>	<u>2015</u>
<b>COMMUNITY CENTER &amp; CRISIS NURSERY OPERATIONS</b>	\$ 195,750	\$ 281,603
<b>EDUCATION &amp; SCHOLARSHIP PROGRAMS</b>	59,075	61,100
<b>MOBILE MEDICAL CLINIC</b>	13,150	14,583
<b>FAMINE RELIEF PROJECT</b>	110,065	-
<b>OTHER PROJECTS</b>	<u>5,456</u>	<u>3,921</u>
<b>TOTAL PROGRAM EXPENSES (MALAWI)</b>	<u>\$ 383,496</u>	<u>\$ 361,207</u>

See Independent Auditor's Report.

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**MINISTRY OF HOPE, INC.**  
**SCHEDULES OF SUPPORTING SERVICES**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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	<u>2016</u>	<u>2015</u>
<b>SUPPORTING SERVICES (USA):</b>		
Contributed Accounting Services Expense	\$ 7,275	\$ 13,080
Fundraising and Development Expenses	15,796	14,163
Administrative Expenses	<u>16,059</u>	<u>17,274</u>
<b>TOTAL SUPPORTING SERVICES (USA)</b>	<u>\$ 39,130</u>	<u>\$ 44,517</u>

See Independent Auditor's Report.