

MINISTRY OF HOPE, INC.
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

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
William L. Grayson
Rex V. Hoffman
Patricia A. Johnson, PhD, MFT
Donna M. Kaminski, DO
Van Kornegay
Marilyn Manning, DMin
Mary Reagan
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

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, 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 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.

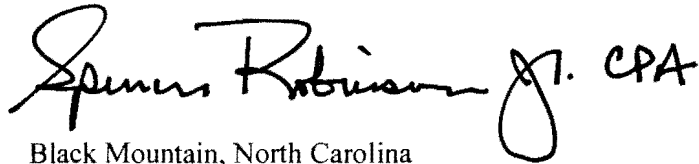
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2018 and 2017, 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 J. CPA". The signature is written in a cursive, flowing style.

Black Mountain, North Carolina
May 10, 2019

MINISTRY OF HOPE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash:		
Unrestricted	\$ 70,149	\$ 87,365
Restricted	82,244	73,724
Total Cash	<u>152,393</u>	<u>161,089</u>
Accounts Receivable - NC Sales Tax	<u>194</u>	<u>180</u>
TOTAL ASSETS	<u><u>\$ 152,587</u></u>	<u><u>\$ 161,269</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts Payable	<u>\$ 4,290</u>	<u>\$ 20,107</u>
NET ASSETS:		
Without Donor Restrictions	66,053	67,438
With Donor Restrictions	82,244	73,724
Total Net Assets	<u>148,297</u>	<u>141,162</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 152,587</u></u>	<u><u>\$ 161,269</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, 2018 AND 2017						
	2018			2017		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
CONTRIBUTIONS AND OTHER REVENUES:						
Contributions	\$ 169,671	\$ 196,293	\$ 365,964	\$ 177,462	\$ 146,762	\$ 324,224
Contributed Accounting Services	7,630	-	7,630	14,625	-	14,625
Interest	54	-	54	61	-	61
Other	290	-	290	27	-	27
Net Assets Released from Restriction	187,773	(187,773)	-	163,697	(163,697)	-
TOTAL CONTRIBUTIONS AND OTHER REVENUES	365,418	8,520	373,938	355,872	(16,935)	338,937
EXPENSES:						
Program Expenses (Malawi)	330,497	-	330,497	322,209	-	322,209
Supporting Services	35,498	-	35,498	44,133	-	44,133
Lesotho Charitable Trust	808	-	808	2,284	-	2,284
TOTAL EXPENSES	366,803	-	366,803	368,626	-	368,626
INCREASE (DECREASE) IN NET ASSETS	(1,385)	8,520	7,135	(12,754)	(16,935)	(29,689)
NET ASSETS, BEGINNING OF YEAR	67,438	73,724	141,162	80,192	90,659	170,851
NET ASSETS, END OF YEAR	\$ 66,053	\$ 82,244	\$ 148,297	\$ 67,438	\$ 73,724	\$ 141,162

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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	\$ 7,135	\$ (29,689)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used for) Operating Activities:		
(Increase) Decrease in Accounts Receivable	(14)	86
Increase (Decrease) in Accounts Payable	<u>(15,817)</u>	<u>15,764</u>
Total Adjustments	<u>(15,831)</u>	<u>15,850</u>
Net Cash Provided by (Used for) Operating Activities	(8,696)	(13,839)
CASH, BEGINNING OF YEAR	<u>161,089</u>	<u>174,928</u>
CASH, END OF YEAR	<u>\$ 152,393</u>	<u>\$ 161,089</u>

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

MINISTRY OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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.

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 \$808 and \$2,284, respectively, for the years ended December 31, 2018 and 2017. 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).

MINISTRY OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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

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.)

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.

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.

MINISTRY OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2: RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are available for the following purposes at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Construction Projects:		
Mchinji Road Campus	\$ -	\$ 17,206
Mzuzu Project	13,767	13,767
Total Construction Projects	<u>13,767</u>	<u>30,973</u>
Selengo Community Center	<u>3,211</u>	<u>3,011</u>
Hezekiah Crisis Nursery ICU	<u>2,415</u>	<u>2,415</u>
Lilongwe Crisis Nursery	<u>4,900</u>	<u>1,550</u>
Mzuzu Crisis Nursery	<u>726</u>	<u>500</u>
Other Projects:		
Mobile Medical Clinic	44,214	23,088
Education & Scholarship Programs	11,051	9,127
Famine Relief	320	2,000
Spiritual Development	1,640	960
S/T Mission Travel & Projects	-	100
Total Other Projects	<u>57,225</u>	<u>35,275</u>
Total Net Assets with Donor Restrictions	<u>\$ 82,244</u>	<u>\$ 73,724</u>

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.

MINISTRY OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 4: SUPPORTING SERVICES EXPENSE

Supporting services expense consist of the following expenses for the year ended December 31, 2018 and 2017:

	2018	2017
Administrative Expenses:		
Audit Fees & Expenses	\$ 8,566	\$ 8,669
Administrative Office Expense	3,510	3,775
Bank Charges & Wire Fees	1,211	831
Insurance	907	1,758
Taxes & Licenses	50	50
Other	-	45
Total Administrative Expenses	<u>14,244</u>	<u>15,128</u>
Fundraising & Development Expenses:		
Newsletters	6,550	5,966
Software	2,915	2,415
Printing & Stationery	1,545	3,366
Postage & Shipping	1,094	1,017
Other	1,520	1,616
Total Fundraising & Development Expenses	<u>13,624</u>	<u>14,380</u>
Contributed Accounting Services Expense	<u>7,630</u>	<u>14,625</u>
Total Supporting Services Expense	<u>\$ 35,498</u>	<u>\$ 44,133</u>

NOTE 5: DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 10, 2019, the date that the financial statements were available to be issued.

**SUPPLEMENTARY
INFORMATION**

MINISTRY OF HOPE, INC.
SCHEDULES OF CONTRIBUTIONS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CONTRIBUTIONS WITHOUT DONOR RESTRICTIONS:		
Individuals	\$ 90,880	\$ 81,074
Churches	61,055	70,407
Foundations	15,196	23,231
Businesses	2,540	2,750
TOTAL CONTRIBUTIONS WITHOUT DONOR RESTRICTIONS	<u>169,671</u>	<u>177,462</u>
CONTRIBUTIONS WITH DONOR RESTRICTIONS:		
Education & Scholarships	66,838	49,137
Famine Relief	50,004	58,813
Mobile Medical Clinic	33,850	11,865
Crisis Nurseries:		
Lilongwe	24,604	9,580
Mzuzu	2,391	4,142
Total Crisis Nurseries	26,995	13,722
Short-term Missions and Special Projects	6,598	4,241
Capital Projects - Vehicle Purchase	6,200	-
Community Centers	5,000	6,700
Lesotho Charitable Trust	808	2,284
TOTAL CONTRIBUTIONS WITH DONOR RESTRICTIONS	<u>196,293</u>	<u>146,762</u>
TOTAL CONTRIBUTIONS	<u>\$ 365,964</u>	<u>\$ 324,224</u>

See Independent Auditor's Report.

MINISTRY OF HOPE, INC.
SCHEDULES OF PROGRAM EXPENSES (MALAWI)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
COMMUNITY CENTER & CRISIS NURSERY OPERATIONS	\$ 188,956	\$ 192,000
EDUCATION & SCHOLARSHIP PROGRAMS	64,914	51,222
FAMINE RELIEF PROJECT	51,684	56,519
MOBILE MEDICAL CLINIC	12,724	12,109
CAPITAL PROJECT - VEHICLE PURCHASE	6,200	-
OTHER PROJECTS	<u>6,019</u>	<u>10,359</u>
TOTAL PROGRAM EXPENSES (MALAWI)	<u><u>\$ 330,497</u></u>	<u><u>\$ 322,209</u></u>

See Independent Auditor's Report.

MINISTRY OF HOPE, INC.
SCHEDULES OF SUPPORTING SERVICES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
SUPPORTING SERVICES (USA):		
Administrative Expenses	\$ 14,244	\$ 15,128
Fundraising and Development Expenses	13,624	14,380
Contributed Accounting Services Expense	<u>7,630</u>	<u>14,625</u>
TOTAL SUPPORTING SERVICES (USA)	<u>\$ 35,498</u>	<u>\$ 44,133</u>

See Independent Auditor's Report.