
GLOBAL HOPE, INC.

FINANCIAL STATEMENTS

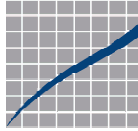
DECEMBER 31, 2019 AND 2018

TABLE OF CONTENTS

Independent accountant's compilation report	1
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Financial statements

Statements of financial position	2
Statements of activities	3
Statements of cash flows	5
Statements of functional expenses	6
Notes to the financial statements	8



BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Trustees
Global Hope, Inc.
Broomfield, Colorado

Management is responsible for the accompanying financial statements of Global Hope, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed the compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

BiggsKofford, P.C.

Colorado Springs, Colorado
October 8, 2020

GLOBAL HOPE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Cash and equivalents	\$ 22,306	\$ 34,814
Investments	13,034	31,767
Prepaid expenses	2,716	1,966
Total assets	<u>\$ 38,056</u>	<u>\$ 68,547</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 675	\$ 640
Total liabilities	<u>675</u>	<u>640</u>
Net assets:		
Without donor restrictions:		
Board designated - emergency funds	-	7,665
Undesignated	35,857	59,518
Total without donor restrictions	35,857	67,183
With donor restrictions	1,524	724
Total net assets	<u>37,381</u>	<u>67,907</u>
Total liabilities and net assets	<u>\$ 38,056</u>	<u>\$ 68,547</u>

See accompanying notes and independent accountant's compilation report.

GLOBAL HOPE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Contributions	\$ 284,128	\$ 4,044	\$ 288,171
Events, net of expenses	85,854	-	85,854
Other income, net	1,471	-	1,471
Total support and revenue	371,453	4,044	375,497
<u>RECLASSIFICATIONS</u>			
Satisfaction of program restrictions	3,244	(3,244)	-
<u>EXPENSES</u>			
Program expenses:			
Romania operations	159,592	-	159,592
Kenya operations	94,787	-	94,787
India operations	75,355	-	75,355
Special fund expense	5,366	-	5,366
Mission team expense	7,185	-	7,185
Total program expenses	342,285	-	342,285
Support services:			
General and administrative	15,316	-	15,316
Fundraising	48,422	-	48,422
Total support services	63,738	-	63,738
Total expenses	406,023	-	406,023
Change in net assets	(31,326)	800	(30,526)
Net assets, beginning of year	67,183	724	67,907
Net assets, end of year	<u>\$ 35,857</u>	<u>\$ 1,524</u>	<u>\$ 37,381</u>

See accompanying notes and independent accountant's compilation report.

GLOBAL HOPE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Contributions	\$ 310,832	\$ -	\$ 310,832
Events, net of expenses	94,296	-	94,296
Investment loss, net	968	-	968
Total support and revenue	<u>406,096</u>	<u>-</u>	<u>406,096</u>
<u>RECLASSIFICATIONS</u>			
Satisfaction of program restrictions	<u>5,397</u>	<u>(5,397)</u>	<u>-</u>
<u>EXPENSES</u>			
Program expenses:			
Romania operations	143,943	-	143,943
Kenya operations	107,059	-	107,059
India operations	84,229	-	84,229
College fund expense	7,898	-	7,898
Mission team expense	11,968	-	11,968
Total program expenses	<u>355,097</u>	<u>-</u>	<u>355,097</u>
Support services:			
General and administrative	16,968	-	16,968
Fundraising	69,534	-	69,534
Total support services	<u>86,502</u>	<u>-</u>	<u>86,502</u>
Total expenses	<u>441,599</u>	<u>-</u>	<u>441,599</u>
Change in net assets	(30,106)	(5,397)	(35,503)
Net assets, beginning of year	<u>97,289</u>	<u>6,121</u>	<u>103,410</u>
Net assets, end of year	<u>\$ 67,183</u>	<u>\$ 724</u>	<u>\$ 67,907</u>

See accompanying notes and independent accountant's compilation report.

GLOBAL HOPE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (30,526)	\$ (35,503)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gains on investments	(637)	(975)
(Increase) decrease in operating assets:		
Accounts receivable	-	-
Prepaid expenses	(750)	1,750
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	35	328
Net cash used in operating activities	<u>(31,878)</u>	<u>(34,400)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Net proceeds from the sale of investments	<u>19,370</u>	<u>26,310</u>
Net cash provided by investing activities	<u>19,370</u>	<u>26,310</u>
Net decrease in cash and equivalents	(12,508)	(8,090)
Cash and equivalents, beginning of year	<u>34,814</u>	<u>42,904</u>
Cash and equivalents, end of year	<u><u>\$ 22,306</u></u>	<u><u>\$ 34,814</u></u>

See accompanying notes and independent accountant's compilation report.

GLOBAL HOPE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	<u>Total</u>	<u>Program</u>	<u>G & A</u>	<u>Fundraising</u>
Grants to foreign organizations:				
Romania	\$ 143,336	\$ 143,336	\$ -	\$ -
Kenya	85,132	85,132	-	-
India	67,679	67,679	-	-
Special Funds	4,819	4,819	-	-
Mission Teams	6,454	6,454	-	-
Salaries and wages	65,166	22,808	-	42,358
Payroll taxes	3,944	1,414	15	2,515
Accounting	10,967	774	10,193	-
Advertising and promotion	475	-	-	475
Office expenses	3,077	79	-	2,998
Information technology	5,528	4,422	1,106	-
Travel	117	41	-	76
Insurance	1,719	-	1,719	-
Other	7,610	5,327	2,283	-
Total	<u>\$ 406,023</u>	<u>\$ 342,285</u>	<u>\$ 15,316</u>	<u>\$ 48,422</u>

See accompanying notes and independent accountant's compilation report.

GLOBAL HOPE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	<u>Total</u>	<u>Program</u>	<u>G & A</u>	<u>Fundraising</u>
Grants to foreign organizations:				
Romania	\$ 122,173	\$ 122,173	\$ -	\$ -
Kenya	90,868	90,868	-	-
India	71,490	71,490	-	-
Special Funds	6,704	6,704	-	-
Mission Teams	10,158	10,158	-	-
Salaries and wages	90,567	32,486	350	57,731
Payroll taxes	6,913	2,480	26	4,407
Accounting	9,195	-	9,195	-
Advertising and promotion	5,545	-	-	5,545
Office expenses	2,464	641	1,823	-
Information technology	6,295	5,036	1,259	-
Travel	8,687	6,836	-	1,851
Insurance	1,698	-	1,698	-
Other	8,842	6,225	2,617	-
Total	<u>\$ 441,599</u>	<u>\$ 355,097</u>	<u>\$ 16,968</u>	<u>\$ 69,534</u>

See accompanying notes and independent accountant's compilation report.

GLOBAL HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. ORGANIZATION

Global Hope, Inc. (the "Organization") was incorporated as a Colorado nonprofit corporation in 1996. The Organization's primary purpose is to provide charitable, religious and educational support to orphans in foreign countries.

The Organization equips their mission partners with the appropriate resources, education, mentoring, and financial support to effectively care for abandoned, orphaned, and at-risk children. The Organization also facilitates relationships with other organizations that can assist their mission partners in their ministry. Their goal is to help the mission partners achieve long-term sustainability.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Cash and equivalents

For purposes of the statement of cash flows, the Organization considers cash and all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash and equivalents.

See independent accountant's compilation report.

GLOBAL HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classes of net assets

The financial statements report net assets without donor restrictions as those currently available for use in operations and those resources invested in property and equipment; and net assets with donor restrictions, which represent resources restricted by donors as to purpose or by the passage of time.

Contribution revenue

In accordance with US GAAP, contributions received are recorded without donor restrictions or with donor restrictions, depending on the existence and/or nature of donor restrictions, if applicable.

Contribution revenue is recognized when cash is received, when unconditional promises are made, or when ownership of contributed assets is transferred to the Organization. Donor-restricted contributions with restrictions that are met in the same reporting period as the contribution is recognized as support without donor restrictions.

Functional expenses

The costs of providing various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Expenses are recorded when costs are incurred. Salaries and wages and payroll taxes are allocated based on an estimate of time and effort spent working in each department during the year. Any costs that could be directly assigned to a specific function are allocated to that function.

Income taxes

Global Hope, Inc. is exempt from income taxes under Internal Revenue Code ("Code") Section 501(c)(3).

The Organization evaluates the effect of uncertain tax positions, if any, and provides for those positions in accordance with the provisions of *FASB ASC 450, Contingencies*. No tax accrual for uncertain tax positions has been recorded as management believes there are no uncertain tax positions for the Organization.

See independent accountant's compilation report.

GLOBAL HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent events

Management has evaluated subsequent events through the date of the attached independent accountant's compilation report, the date on which the financial statements were available to be issued.

Accounting pronouncements adopted

In 2019, the Organization adopted ASU No. 2018-08, Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made ("ASC Topic 958") on a modified prospective basis. This ASU clarifies how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction or a contribution, helps an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome and (2) a right of return or release of obligation, and modifies the simultaneous release option currently in US GAAP, which allows a not-for-profit entity to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that revenue is recognized.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following on December 31:

	<u>2019</u>	<u>2018</u>
Cash and equivalents	\$ 22,306	\$ 34,814
Investments	<u>13,034</u>	<u>31,767</u>
Total financial assets	35,340	66,581
Less amounts unavailable for general expenditures within one year due to:		
Donor restrictions	<u>(1,524)</u>	<u>(724)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 33,816</u></u>	<u><u>\$ 65,857</u></u>

See independent accountant's compilation report.

GLOBAL HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

3. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

As part of the organization's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months in the table above, the Organization also operates in accordance with a board approved budget and anticipates collecting sufficient revenue to cover general expenditures.

4. DISCLOSURE ABOUT FAIR VALUE OF ASSETS AND LIABILITIES

US GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Therefore, the term "price" refers to the exit price as opposed to the entry price, which is the price paid to acquire the asset or received to assume the liability. US GAAP also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identifiable assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Investments

The Organization invests in various mutual funds, exchange-traded funds and stocks. Because quoted market prices are available for identical securities in an active market, these securities are classified within Level 1 of the valuation hierarchy.

See independent accountant's compilation report.

GLOBAL HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

4. DISCLOSURE ABOUT FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Fair value measurements of assets recognized in the accompanying financial statements, measured at fair value on a recurring basis, consist of the following as of:

December 31, 2019			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	<u>\$ 13,034</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2018			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	<u>\$ 31,767</u>	<u>\$ -</u>	<u>\$ -</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of the following as of December 31:

	<u>2019</u>	<u>2018</u>
DJ Atkinson Fund	\$ -	\$ 486
Education Fund	219	238
Endowment fund	<u>1,305</u>	<u>-</u>
Net assets with donor restrictions	<u>\$ 1,524</u>	<u>\$ 724</u>

6. FOREIGN PROGRAMS

The Organization provides monthly operations funding for the missions in Romania, Kenya, and India. Their commitments fluctuate from month to month and are impacted by currency exchange rates. The reasons for the large difference between program expenses in Romania, Kenya and India is due to large cost of living differences between the countries and the fact that in Romania, the Organization is the primary funding source that includes mission staff for Ana's House, and support of foster families in Arad, Romania. The Organization's mission is to partner with the local church and leaders to support their fund raising efforts and to create opportunities for improved self-sufficiency.

See independent accountant's compilation report.

GLOBAL HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

7. DONATED SERVICES

The value of donated services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time to the Organization's programs.

8. CONCENTRATIONS

For the years ended December 31, 2019 and 2018, one donor accounted for approximately 14% and 26% of total contributions, respectively.

9. SUBSEQUENT EVENT

On 11 March 2020, the World Health Organization characterized an outbreak of novel strain of coronavirus ("COVID-19") as a pandemic and on 13 March 2020, the United States declared a national emergency. As a result, the current economic environment has presented companies and organizations with unprecedented circumstances and challenges. Potential impacts to the Organization include disruptions and restrictions on the ability of employees to work, as well as travel and other restrictions imposed by governments. COVID-19 is also expected to adversely affect economies and financial markets in the United States and throughout the world. The extent of the impact on the Organization's financial position, operating results and cash flows will depend on future developments, including the duration and spread of the outbreak, which are highly uncertain and cannot be predicted.

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See independent accountant's compilation report.