

HOPE worldwide, LTD. AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025
and
SUPPLEMENTARY INFORMATION
with
INDEPENDENT AUDITORS' REPORT

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SMITH+HOWARD PC

INDEPENDENT AUDITORS' REPORT

**Board of Directors
HOPE worldwide, Ltd.**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of HOPE worldwide, Ltd and affiliate (the "Agency") (a nonprofit Agency), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2025, and the changes in its net assets and cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Agency 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 opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for one year after the date of this report.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 can arise from fraud or error and 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Agency'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is 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 GAAS. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Smith and Howard

Atlanta, GA
September 17, 2025

HOPE worldwide, LTD. AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

ASSETS

Assets	
Cash	\$ 2,608,294
Grant receivable	200,261
Advances	6,261
Prepaid expenses	82,119
Right-of-use asset	1,001,028
Investments	1,645,852
Property and equipment, net	<u>178,840</u>
 Total Assets	 <u><u>\$ 5,722,655</u></u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	\$ 84,726
Accrued expenses and other liabilities	40,628
Operating lease liability	1,054,433
Refundable advances	<u>104,360</u>
 Total Liabilities	 <u>1,284,147</u>
 Net Assets	
Without donor restrictions	1,087,520
With donor restrictions	<u>3,350,988</u>
Total Net Assets	<u>4,438,508</u>
	 <u><u>\$ 5,722,655</u></u>

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

HOPE worldwide, LTD. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:			
Contributions	\$ 3,410,542	\$ 2,540,015	\$ 5,950,557
In-kind contributions	115,363	5,416,367	5,531,730
Grants and other	240,914	33,500	274,414
Other revenue	140,401	-	140,401
Investment income, net	-	216,607	216,607
Total support and revenue	3,907,220	8,206,489	12,113,709
Net assets released from restrictions	8,146,479	(8,146,479)	-
	<u>12,053,699</u>	<u>60,010</u>	<u>12,113,709</u>
Expenses			
U.S. programs	7,459,167	-	7,459,167
Non-U.S. programs	861,204	-	861,204
Management and general	2,783,973	-	2,783,973
Fundraising	899,857	-	899,857
Total expenses	<u>12,004,201</u>	<u>-</u>	<u>12,004,201</u>
Change in Net Assets	49,498	60,010	109,508
Net Assets at Beginning of Year, as previous report	<u>(60,028)</u>	<u>4,389,028</u>	<u>4,329,000</u>
Reclassification of net assets (Note 5)	<u>1,098,050</u>	<u>(1,098,050)</u>	<u>-</u>
Net Assets at Beginning of Year, as restated	<u>1,038,022</u>	<u>3,290,978</u>	<u>4,329,000</u>
Net Assets at End of Year	<u>\$ 1,087,520</u>	<u>\$ 3,350,988</u>	<u>\$ 4,438,508</u>

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

HOPE worldwide, LTD. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	Program (U.S. and Non - U.S.)							
	Community Services	International Services	Education and Development	Disaster Response	Health	Management and General	Fundraising	Total
Salaries, benefits and payroll taxes	\$ 206,821	\$ 258,886	\$ 165,014	\$ 134,021	\$ -	\$ 1,728,191	\$ 547,997	\$ 3,040,930
Advertising and promotion	6,967	2,347	1,101	5,055	-	30,751	32,664	78,885
Conferences and seminars	-	500	-	-	-	9,328	-	9,828
Credit card processing and other service charges	6,857	6,445	7,673	10,909	1,902	47,225	5,006	86,017
Depreciation	5,393	-	-	-	-	42,100	-	47,493
Dues and subscriptions	552	-	-	2,315	-	17,190	10,157	30,214
Meetings and facilities	4,367	1,541	-	1,005	-	10,499	1,485	18,897
Insurance	3,963	1,295	-	-	-	153,113	-	158,371
Office equipment	9,553	9,635	1,881	1,006	68	83,378	18,865	124,386
Office supplies	16,965	-	-	-	-	4,206	107	21,278
Professional and legal fees	57,516	206,607	6,557	20,642	-	260,395	74,872	626,589
Charitable support	199,017	48,519	16,592	32,125	5,419,860	40,023	53,967	5,810,103
Grants to foreign entities	241,110	13,006	660,496	33,795	185,077	-	16,552	1,150,036
Supplies	121,767	-	-	-	-	780	-	122,547
Rent	21,780	-	-	-	-	190,070	-	211,850
Special events	48,719	-	-	-	-	-	123,646	172,365
Shipping and postage	819	767	-	194	-	406	3,277	5,463
Telephone and internet	2,305	2,238	900	1,249	-	20,735	4,638	32,065
Travel	28,066	44,213	9,509	22,889	-	63,839	6,624	175,140
Utilities	-	-	-	-	-	81,744	-	81,744
	<u>\$ 982,537</u>	<u>\$ 595,999</u>	<u>\$ 869,723</u>	<u>\$ 265,205</u>	<u>\$ 5,606,907</u>	<u>\$ 2,783,973</u>	<u>\$ 899,857</u>	<u>\$ 12,004,201</u>

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

HOPE worldwide, LTD. AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025

Cash Flows from Operating Activities:	
Change in net assets	\$ 109,508
Adjustments to Reconcile Changes in Net Assets to Net Cash	
Provided by operating activities:	
Depreciation	47,493
Realized and unrealized gains on investments	(216,607)
Lease expense	208,301
Payments on operating lease liability	(192,191)
Changes in assets and liabilities:	
Grant receivable	346,435
Advances	2,500
Prepaid expenses	3,668
Accounts payable	12,105
Accrued expenses and other liabilities	(21,606)
Refundable advances	98,327
Net Cash Provided by Operating Activities	<u>397,933</u>
Net Change in Cash	397,933
Cash at Beginning of Year	<u>2,210,361</u>
Cash at End of Year	<u>\$ 2,608,294</u>
<u>Supplemental Disclosures of Cash Flow Information:</u>	
Cash paid for interest	<u>\$ 10,502</u>

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

HOPE worldwide, LTD. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – DESCRIPTION OF AGENCY

HOPE worldwide, Ltd. (the “Organization”) is a not-for-profit, faith-based charity founded in 1991 by the International Churches of Christ dedicated to developing, managing, and funding programs domestically and internationally to help the poor and needy. Funding is provided by corporate grants, federal, state and local government grants, contributions from churches, individuals, volunteer fundraisers and from medical service fees. The Agency’s mission is to change lives by empowering the compassion and commitment of dedicated staff and volunteers to deliver sustainable, high-impact, community-based services to the poor and needy. Through its employees and global pool of volunteers on six inhabited continents, the Agency serves more than two million needy people annually. The Agency is a recognized nongovernmental Agency in special consultative status with the Economic and Social Council of the United Nations and is a registered private voluntary Agency with the United States Agency for International Development (“USAID”).

HOPE worldwide - Massachusetts, Inc. (the “HOPEMA”) is a not-for-profit, faith-based charity founded by members of the International Churches of Christ in Boston, Massachusetts dedicated to changing lives through compassion and commitment of dedicated volunteers to serve local communities and abroad. Funding is provided by corporate grants, contributions from individuals and fundraisers.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

U.S. generally accepted accounting principles (“GAAP”) require a nonprofit Agency to consolidate the financial statements of affiliated nonprofit Agency when it has (a) certain kinds of control and (b) other kinds of control coupled with an economic interest.

The accompanying consolidated financial statements include the accounts of HOPE worldwide, Ltd. and HOPE worldwide - Massachusetts, Inc. HOPE worldwide Massachusetts, Inc. is an affiliate of HOPE worldwide, Ltd. which approves or disapproves of all Directors appointed to HOPE worldwide Massachusetts, Inc.’s Board of Directors. Intercompany transactions have been eliminated in the consolidation. The entities are referred to collectively as (“the Agency”).

Basis of Accounting

The Agency follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”).

Basis of Presentation

The accompanying consolidated financial statements include the accounts of HOPE worldwide, Ltd. and HOPE worldwide Massachusetts, Inc., which are under common control. The accompanying consolidated financial statements of the Agency have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). All significant inter-Agency accounts and transactions have been eliminated.

**HOPE worldwide, LTD. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets Presentation

Net assets, revenue, and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- 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 Agency.
- Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity.

Use of Estimates

The presentation of consolidated financial statements in conformity with GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Endowments

GAAP requires the following financial statement disclosures for the Agency:

- Classification of net assets

Endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

HOPE worldwide, LTD. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowments (Continued)

- Interpretation of Relevant Law

The Agency has interpreted the Delaware Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulation to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditures by the Agency in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the Agency and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the Agency.
- (7) The investment policies of the Agency.

- Return Objectives and Risk Parameters

The Agency has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Agency must hold in perpetuity or for a donor-specified period(s).

- Strategies Employed for Achieving Objectives

It is the policy of the Agency to add an amount equal to the change in the Consumer Price Index from year to year (attrition rate) to the principal of the permanently restricted endowment funds in order to sustain their investment power in the future. The remaining investment interest/earnings are available for use as the endowment stipulates therefore should be shown as net assets with donor restrictions until expended.

HOPE worldwide, LTD. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Fund (Continued)

- Spending Policy

The Board of Directors has interpreted state law as requiring the preservation of the purchasing power (real value) of the endowment funds with donor restriction unless explicit donor stipulation specifies how net appreciation must be used. To meet that objective, the Agency endowment management policies require that net appreciation be maintained in perpetuity in an amount necessary to adjust the historic dollar value of original endowment gifts by the change in the Consumer Price Index. After maintaining the real value of the endowment funds, any remainder is available for appropriation.

- Underwater Endowment Funds

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Agency has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The Agency's policy is to refrain from disbursement from individual endowment funds if the fund's value is 95% or less of the corpus. At June 30, 2025, the Agency had no underwater endowments.

For the year ended June 30, 2025, the Agency's endowment had the following activity:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets at July 1, 2024	\$ -	\$ 1,429,245	\$ 1,429,245
Reclassification	38,769	(38,769)	-
Net appreciation	-	216,607	216,607
Endowment net assets at June 30, 2025	<u>\$ 38,769</u>	<u>\$ 1,607,083</u>	<u>\$ 1,645,852</u>

Revenue Recognition

Contributions and grants received are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions and grants whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

HOPE worldwide, LTD. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Unconditional contributions and grants are recognized as revenue when the related promise to give is received. Conditional contributions and grants – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. The Agency had no conditional contributions at June 30, 2025.

The Agency holds special fundraising events and records special events revenue when the event takes place.

A portion of the Agency's revenue is derived from cost-reimbursement grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Agency has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. The Agency received advance payments of \$104,360 that have not been recognized at June 30, 2025 because qualifying expenditures have not yet been incurred and are included in the consolidated statements of financial position as refundable advances.

Investments

Investments are recorded in the consolidated statements of financial position at fair value, as determined based on quoted market prices. Cash equivalents classified as investments are short-term, highly liquid investments with original maturities of three months or more. Realized and unrealized gains and losses are included in the consolidated statement of activities.

The Agency invests in a professionally-managed portfolio that contains level 1 securities. Such investments are exposed to market and credit risks. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in the near term would materially affect the investment balances and the amounts reported in the consolidated financial statements.

HOPE worldwide, LTD. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Agency. Unobservable inputs reflect the Agency's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Agency has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the Agency's own assumptions.

The Agency's investments at June 30, 2025 were wholly invested in level 1 equity funds.

Property and Equipment and Depreciation

Property and equipment are stated at cost, if purchased, and are depreciated over their estimated useful lives, generally 3 to 10 years, using the straight-line method. Donated property and equipment are recorded at estimated fair value when received. Expenditures in excess of \$5,000 are capitalized, and repairs and maintenance are expensed as incurred. When assets are disposed of, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss from such disposition is included in the change in net assets without donor restriction. The Agency's policy is to report gifts of buildings and equipment as support without donor restriction unless explicit donor stipulations specify how the donated assets must be used.

Depreciation for the year ended June 30, 2025 was \$47,493.

Advances

Advances represent Agency funds sent to grant subrecipients where the measurable performances and barriers of those grants have not been fulfilled by the subrecipients as of June 30, 2025.

HOPE worldwide, LTD. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Gifts and Contributed Services

The Agency receives in-kind gifts primarily consisting of medical supplies and equipment for use in the Agency's medical programs and disaster relief. Gifts of donated supplies with explicit restrictions that specify how or where the assets are to be used are reported as contributions with donor restrictions. The value of in-kind contributions is recorded at the wholesale acquisition cost ("WAC"), which approximates the exit price. The Agency has determined the WAC is the most appropriate estimate of fair value for its donated medicines and medical supplies. The WAC is estimated by using the wholesale value provided by the donor, published industry information such as Thompson Reuter's "RedBook", or other publicly available pricing sources.

If the Agency receives contributed services that require specialized skills, are provided by individuals possessing those skills, and would typically be purchased by the Agency if they had not been provided by donation, the value of these services is included in the consolidated financial statements. However, more than 23,000 volunteers, including the members of the Board of Directors, have made significant contributions of time to the Agency's policy-making, program and support functions. These contributed services do not meet the above criteria for recognition of contributed services and, accordingly, are not included in the accompanying consolidated financial statements. Key executives of the Agency periodically provide business advisory services to member Agency, the value of which is de minimis and has not been reflected in these consolidated financial statements.

The Agency records contributed services that create or enhance nonfinancial assets and that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services are included as support in the accompanying consolidated statement of activities at their estimated values at the time received.

The following is a summary of the countries that benefited from the in-kind contributions included as revenue on the consolidated statements of activities for the year ended June 30, 2025.

Cambodia	\$ 1,841,152
Cote d'Ivoire	619,814
Papua New Guinea	2,935,401
Nepal	20,000
United States	115,363
	<u>\$ 5,531,730</u>

Functional Allocation of Expenses

The costs of providing the various program and supporting services have been presented on a functional basis in the consolidated statement of activities and functional expenses. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

HOPE worldwide, LTD. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses (Continued)

The consolidated financial statement has certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include administrative and executive salaries and wages (and related benefits and payroll taxes), insurance, professional fees, and office supplies, which are allocated on the basis of estimates of time and effort.

Income Tax Status

The Agency is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Agency is subject to federal and state income taxes on income which is determined to be unrelated to its exempt purpose, if any. The Agency recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authority, based on the technical merits of the position. As of June 30, 2025, there are no known items which would result in a material accrual related to where the Agency has uncertain federal or state tax positions. Tax years that remain subject to examination by major tax jurisdictions date back to the year ended 2022.

Risks and Uncertainties

The Agency's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and receivables. The Agency believes it reduces risks associated with balances in excess of federally insured amounts by maintaining its cash and cash equivalents with major financial institutions with sound financial standing. Management continually monitors receivable balances and believes that its exposure to credit risk is limited. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying consolidated financial statements.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions that allow their use during the 12 months after the consolidated statement of financial position date, comprise the following:

Cash	\$ 2,608,294
Grant receivable	200,261
Advances	6,261
Investments	<u>1,645,852</u>
 Total financial assets	 4,460,668
Less: Endowments	<u>(1,607,083)</u>
 Total financial assets available for general expenditures	 <u>\$ 2,853,585</u>

HOPE worldwide, LTD. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

The Agency receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. None of the financial assets are subject to donor restrictions that make them unavailable for general expenditures. The Agency manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The Agency regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Agency has various sources of liquidity at its disposal, including cash, equity securities and a line of credit. See Note 4 for information about the Agency's line of credit.

NOTE 4 – LINE OF CREDIT

The Agency has a line of credit, up to \$900,000 which is collateralized by a UCC lien on all tangible property. The line of credit bears interest at the prime rate plus .50%, but the effective interest rate shall never be below 4.25% (an effective rate of 8% as of June 30, 2025). There were no advances outstanding under this line of credit as of June 30, 2025. The line of credit matures on November 30, 2027.

HOPE worldwide, LTD. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30, 2025:

Subject to expenditure for specified purposes	
Community and International Programs	\$ 773,398
Disaster response	285,466
Health and social services	93,341
Education and development	<u>591,700</u>
 Total subject to expenditure for specified purposes	 <u>1,743,905</u>
 Endowments:	
Subject to appropriation and expenditure	
when a specified event occurs (earnings on corpus):	
Restricted by donors for	
Programs benefitting orphans and the needs	
of disadvantaged in Eastern Europe and	
the Balkan States	22,737
International medical programs	23,689
Global Health Fund	
Endowment fund	299,822
Venture fund	<u>176,611</u>
	<u>522,859</u>
 Subject to Agency endowment spending policy	
and appropriation (corpus and attrition):	
Programs benefitting orphans and the needs	
of disadvantaged in Eastern Europe and	
the Balkan States	41,898
International medical programs	42,935
Global Health Fund	
Endowment fund	574,514
Venture fund	<u>424,877</u>
	<u>1,084,224</u>
 Total endowments	 <u>1,607,083</u>
 Total assets with donor restrictions	 <u><u>\$ 3,350,988</u></u>

HOPE worldwide, LTD. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Reclassification of Net Assets

During the fiscal year, management conducted a review of donor-imposed restrictions on net assets. As a result of this analysis, it was determined that certain restrictions had been satisfied in prior periods but had not been released from restriction in the consolidated financial statements. Accordingly, a reclassification of \$1,098,050 from net assets with donor restrictions to net assets without donor restrictions was recorded to reflect the appropriate release of these funds. The adjustment does not impact total net assets.

NOTE 6 – RETIREMENT PROGRAM

The Agency participates in a 403(b) multiemployer defined-contribution pension plan, which covers all employees who have met certain service requirements. The Agency recorded \$118,884 of expense related to the defined-contribution plan for the year ended June 30, 2025.

NOTE 7 – OPERATING LEASE

The Agency has entered into a non-cancelable operating lease for office space in Atlanta, Georgia.

Specifics pertaining to the Agency's operating lease liability at June 30, 2025 are as follows:

Lease expense

Operating lease expense	\$	208,301
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Other Information

Cash paid for amounts included in the measurement of lease liability		
Operating cash flows from operating leases	192,191	
Weighted-average remaining lease term in years for operating leases	6.17	
Weighted-average discount rate for operating leases	3.96%	

Maturity Analysis

2026	\$	134,775
2027		182,311
2028		185,397
2029		211,096
2030		220,906
Thereafter		<u>264,768</u>
Total undiscounted cash flows		1,199,253
Less: present value discount		<u>(144,820)</u>
Total lease liability	\$	<u><u>1,054,433</u></u>

HOPE worldwide, LTD. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 17, 2025, the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

HOPE worldwide, LTD. AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

	<u>HOPE worldwide, Ltd.</u>	<u>HOPE worldwide - MASSACHUSETTS, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Assets				
Cash	\$ 2,350,518	\$ 257,776	\$ -	\$ 2,608,294
Government grant receivable	200,261	-	-	200,261
Advances	6,261	-	-	6,261
Prepaid expenses	71,144	10,975	-	82,119
Right-of-use asset	972,050	28,978	-	1,001,028
Investments	1,645,852	-	-	1,645,852
Property and equipment, net	153,955	24,885	-	178,840
Total Assets	<u>\$ 5,400,041</u>	<u>\$ 322,614</u>	<u>\$ -</u>	<u>\$ 5,722,655</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable	\$ 66,404	18,322	\$ -	\$ 84,726
Accrued expenses and other current liabilities	38,974	1,654	-	40,628
Operating lease liability	1,025,455	28,978	-	1,054,433
Refundable advances	104,360	-	-	104,360
Total Liabilities	<u>1,235,193</u>	<u>48,954</u>	<u>-</u>	<u>1,284,147</u>
Net Assets				
Without donor restrictions	854,515	233,005	-	1,087,520
With donor restrictions	3,310,333	40,655	-	3,350,988
Total Net Assets	<u>4,164,848</u>	<u>273,660</u>	<u>-</u>	<u>4,438,508</u>
	<u>\$ 5,400,041</u>	<u>\$ 322,614</u>	<u>\$ -</u>	<u>\$ 5,722,655</u>

HOPE worldwide, LTD. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

	HOPE worldwide, Ltd.			HOPE worldwide - MASSACHUSETTS, Inc.				
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Total
Revenues and Other Support:								
Contributions	\$ 3,222,064	\$ 2,488,478	\$ 5,710,542	\$ 303,921	\$ 51,537	\$ 355,458	\$ (115,443)	\$ 5,950,557
In-kind contributions	-	5,416,367	5,416,367	115,363	-	115,363	-	5,531,730
Grants and other	239,573	-	239,573	1,341	33,500	34,841	-	274,414
Other revenue	128,502	-	128,502	11,899	-	11,899	-	140,401
Investment income, net	-	216,607	216,607	-	-	-	-	216,607
Total support and revenue	3,590,139	8,121,452	11,711,591	432,524	85,037	517,561	(115,443)	12,113,709
Net assets released from restrictions	8,062,948	(8,062,948)	-	83,531	(83,531)	-	-	-
	<u>11,653,087</u>	<u>58,504</u>	<u>11,711,591</u>	<u>516,055</u>	<u>1,506</u>	<u>517,561</u>	<u>(115,443)</u>	<u>12,113,709</u>
Expenses								
U.S. programs	7,335,088	-	7,335,088	196,086	-	196,086	(7,000)	7,524,174
Non-U.S. programs	861,204	-	861,204	-	-	-	-	861,204
Management and general	2,660,364	-	2,660,364	154,427	-	154,427	(90,818)	2,723,973
Fundraising	770,130	-	770,130	142,345	-	142,345	(17,625)	894,850
Total expenses	<u>11,626,786</u>	<u>-</u>	<u>11,626,786</u>	<u>492,858</u>	<u>-</u>	<u>492,858</u>	<u>(115,443)</u>	<u>12,004,201</u>
Change in Net Assets	26,301	58,504	84,805	23,197	1,506	24,703	-	109,508
Net Assets at Beginning of Year	<u>(269,836)</u>	<u>4,349,879</u>	<u>4,080,043</u>	<u>209,808</u>	<u>39,149</u>	<u>248,957</u>	<u>-</u>	<u>4,329,000</u>
Reclassification of net assets	<u>1,098,050</u>	<u>(1,098,050)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets at End of Year	<u>\$ 854,515</u>	<u>\$ 3,310,333</u>	<u>\$ 4,164,848</u>	<u>\$ 233,005</u>	<u>\$ 40,655</u>	<u>\$ 273,660</u>	<u>\$ -</u>	<u>\$ 4,438,508</u>