



Mission of Hope Haiti, Inc.

**Consolidated Financial Statements
as of and for the Year Ended
June 30, 2024 and
Independent Auditors' Report**

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Independent Auditors' Report

To the Board of Directors of
Mission of Hope Haiti, Inc.:

Opinion

We have audited the accompanying consolidated financial statements of Mission of Hope Haiti, Inc. (a nonprofit organization) and its affiliates (collectively, the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2024, 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 Organization as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Correction of Misstatement

As described in Note 2 to the consolidated financial statements, a misstatement of amounts previously reported in the consolidated financial statements as of and for the year ended June 30, 2023 was corrected during the current year. Accordingly, amounts reported have been restated in the 2024 consolidated financial statements now presented to correct the misstatement. Our opinion is not modified with respect to the correction.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Organization'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 Organization'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.

Maxwell Locke & Ritter LLP

Austin, Texas
February 20, 2025

Mission of Hope Haiti, Inc.

Consolidated Statement of Financial Position June 30, 2024

Assets

Current assets:

Cash and cash equivalents	\$ 2,559,854
Marketable investments	41,949
Accounts receivable	171,418
Pledges receivable	180,922
Inventory	966,240

Total current assets 3,920,383

Property and equipment, net 28,145,921

Operating lease right-of-use assets 206,875

Total assets \$ 32,273,179

Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued expenses	\$ 452,021
Deferred revenue	282,938
Current portion of operating lease obligations	22,599

Total current liabilities 757,558

Operating lease obligations, net of current portion 104,817

Total liabilities 862,375

Net assets:

Without donor restrictions	29,240,882
With donor restrictions	2,169,922

Total net assets 31,410,804

Total liabilities and net assets \$ 32,273,179

See notes to consolidated financial statements.

Mission of Hope Haiti, Inc.

Consolidated Statement of Activities Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributed goods and services	\$ 12,558,400	\$ -	\$ 12,558,400
Contributions	3,462,516	7,587,443	11,049,959
Programs and activities	1,040,408	-	1,040,408
Employee retention tax credit	510,087	-	510,087
Foreign currency transaction gain, net	7,674	-	7,674
Investment loss, net	(6,602)	-	(6,602)
Other income	512,168	-	512,168
Net assets released from restrictions	9,257,304	(9,257,304)	-
Total revenues	27,341,955	(1,669,861)	25,672,094
Expenses:			
Program services	21,091,911	-	21,091,911
Management and general	3,635,998	-	3,635,998
Fundraising	1,557,181	-	1,557,181
Total expenses	26,285,090	-	26,285,090
Change in net assets	1,056,865	(1,669,861)	(612,996)
Net assets, beginning of year (as restated)	28,184,017	3,839,783	32,023,800
Net assets, end of year	\$ 29,240,882	\$ 2,169,922	\$ 31,410,804

See notes to consolidated financial statements.

Mission of Hope Haiti, Inc.

Consolidated Statement of Functional Expenses Year Ended June 30, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Gifts-in-kind	\$ 11,989,330	-	-	11,989,330
Personnel	2,194,224	2,617,848	492,412	5,304,484
Haiti and Dominican Republic campus	3,017,216	9,913	12,398	3,039,527
Professional fees	873,802	388,092	10,480	1,272,374
Repairs and maintenance	923,850	10,656	24	934,530
Depreciation and amortization	888,906	-	-	888,906
Travel	526,786	113,120	151,654	791,560
Bad debt	-	-	686,867	686,867
Office	182,953	157,176	84,465	424,594
Rent and utilities	188,934	49,826	678	239,438
Insurance	86,234	77,703	-	163,937
Finance charges	10,248	117,518	38	127,804
Conferences, conventions, and meetings	107,991	-	14,361	122,352
Event fees	-	114	100,136	100,250
Humanitarian support	64,170	22,858	-	87,028
Telecommunication services	32,983	47,631	581	81,195
Equipment rental	3,037	-	204	3,241
Miscellaneous	1,247	23,543	2,883	27,673
Total expenses	<u>\$ 21,091,911</u>	<u>3,635,998</u>	<u>1,557,181</u>	<u>26,285,090</u>

See notes to consolidated financial statements.

Mission of Hope Haiti, Inc.

Consolidated Statement of Cash Flows Year Ended June 30, 2024

Cash Flows from Operating Activities:

Change in net assets	\$ (612,996)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Realized and unrealized losses on marketable investments	7,358
Donated investments	(43,872)
Gain on disposal of property and equipment	(250,000)
Depreciation and amortization	888,906
Non-cash lease expense	94,518
Changes in operating assets and liabilities that provided (used) cash:	
Accounts receivable	(123,124)
Pledges receivable	1,148,447
Inventory	(569,070)
Other current assets	188,866
Deposits	1,695
Operating lease right-of-use assets	(17,100)
Accounts payable and accrued expenses	(297,831)
Deferred revenue	251,828
Operating lease obligations	(156,399)
	<hr/>
Net cash provided by operating activities	511,226

Cash Flows from Investing Activities:

Purchases of marketable investments	(5,165)
Sales of marketable investments	176,623
Purchases of property and equipment	(23,998)
Proceeds from sale of property and equipment	250,000
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Net cash provided by investing activities	397,460

Net change in cash and cash equivalents	908,686
Cash and cash equivalents, beginning of year	1,651,168
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Cash and cash equivalents, end of year	\$ 2,559,854

Supplemental Non-Cash Disclosure:

Operating lease obligations resulting from the addition of right-of-use assets	\$ 52,799
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See notes to consolidated financial statements.

Mission of Hope Haiti, Inc.

Notes to Consolidated Financial Statements Year Ended June 30, 2024

1. Organization

Mission of Hope Haiti, Inc. (“MOH”) is a nonprofit, faith-based corporation organized under Internal Revenue Code Section 501(c)(3) in the State of Ohio on May 23, 2001. The vision of MOH is to bring life transformation to every man, woman, and child in Haiti and the Dominican Republic by following Jesus Christ. MOH fulfills this vision by executing the following core initiatives: church advancement, educational development, health care, orphan care, and the HaitiOne network.

MOH is consolidated with the following entities: Foundation Mission de l’Espoir (“Haiti”); Fundación MOH Dominican Republic (“D.R.”); and Mission of Hope Global, Inc. dba HaitiOne, collectively referred to as the “Organization”. Subsequent to year end, Mission of Hope Global, Inc. changed its name to CaribbeanOne, referred to herein as CaribbeanOne. MOH has both control and economic interest in Haiti, D.R., and CaribbeanOne, and therefore consolidation is required.

Haiti, a registered Non-Government Organization in Haiti, was formed so that MOH could operate in Haiti. D.R., a registered nonprofit organization in the Dominican Republic, was formed so that MOH could operate in the Dominican Republic. CaribbeanOne is a registered 501(c)(3) in the State of Texas. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The donor base of the Organization consists primarily of residents of the United States of America and Canada.

2. Restatement of Previously Issued Financial Statements

During the current year, an error was discovered in the accounting for CaribbeanOne. As of June 30, 2023, MOH had not consolidated the activity of CaribbeanOne with the Organization. Accordingly, the Organization has restated its net assets as of June 30, 2023 to correct this error.

The effect of the restatement on the Organization’s total net assets as of June 30, 2023 was as follows:

Net assets - June 30, 2023, as previously reported	\$ 27,419,398
CaribbeanOne net assets as of June 30, 2023	<u>4,604,402</u>
Net assets - June 30, 2023, as restated	<u>\$ 32,023,800</u>

3. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation - The accompanying consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as defined by the Financial Accounting Standards Board Accounting Standards Codification. The consolidated financial statements include the accounts of MOH, Haiti, D.R., and CaribbeanOne. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates - The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Foreign Currency - The functional currencies for Haiti and D.R. are the U.S. dollar. The Organization maintains their books of record in the U.S. dollar, remeasuring the monetary assets and liabilities of Haiti and D.R. to the U.S. dollar at the respective daily exchange rates and remeasures the nonmonetary assets and liabilities to the U.S. dollar at historical rates.

Income and expense amounts related to monetary assets and liabilities are remeasured to the U.S. dollar at the weighted average exchange rates in effect during the relevant period, and income and expense accounts related to nonmonetary assets and liabilities are remeasured to the U.S. dollar at historical exchange rates. Remeasurement gains and losses are recognized as revenue or expense in the period of occurrence. Foreign currency transaction gains and losses are included in the consolidated statements of activities as they occur.

Net Asset Classifications - Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions - These net assets are not subject to donor-imposed stipulations. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Net assets without donor restrictions are those currently available for use, or at the discretion of the Board of Directors (the “Board”) for the Organization’s use.

With Donor Restrictions - These net assets are subject to donor-imposed stipulations, which limit their use to a specific purpose and/or the passage of time, or which require them to be maintained permanently. Net assets with permanent donor restrictions are not available for use in operations and limitations neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization had no permanently donor-restricted net assets as of June 30, 2024.

Fair Value Measurements - Fair value is 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. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

Level 1 - Inputs based on quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 - Unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value: (1) market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities, (2) cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost), and (3) income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash in interest bearing checking accounts and money market accounts. The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Marketable Investments - Marketable investments are reported at fair value in the consolidated statement of financial position. Donated investments are recorded at fair value as of the date of the gift or bequest. Investment transactions are recorded on the trade date and investment income is recorded when earned. Realized gains and losses are recorded as the difference between historical cost and the proceeds received from the sale of an investment. Unrealized gains and losses are recorded for the change in fair value of investments between reporting periods. Net investment income (loss) recorded in the consolidated statement of activities consists of realized and unrealized gains and losses, and interest and dividends, less investment fees.

Accounts Receivable - Accounts receivable are recorded when the Organization has an unconditional right to payment under the terms of the customer contract. Delinquent invoices do not accrue interest. The Organization continually monitors each customer's creditworthiness and recognizes allowances for estimated credit losses on accounts that are no longer estimated to be collectible. The Organization regularly adjusts any allowance for subsequent collections and final determination that an account balance is no longer collectible. As of June 30, 2024, there was no allowance for estimated credit losses as management deemed all outstanding balances to be collectible.

Pledges Receivable - Pledges receivable are recorded at the amount the Organization expects to receive from donors. Promises to give are recorded at fair value if expected to be collected in one year and at net present value if expected to be collected in more than one year. As of June 30, 2024, pledges receivable were expected to be collected in less than one year. No allowance for pledges receivable has been recorded as management deemed all outstanding balances to be collectible.

Costs to Obtain or Fulfill Contracts - The Organization does not incur significant costs to obtain or fulfill contracts requiring capitalization.

Inventory - Inventories at year-end consist of food and supplies derived from in-kind contributions and have not been distributed or used as of the end of the fiscal year. The value of the remaining inventory is based on the estimated fair value as of the date of the donation, and determined by the weighted-average method. Management reviews inventory for slow-moving or obsolete items and records a specific reserve as necessary. Management determined no reserve was required as of June 30, 2024.

Property and Equipment - The Organization capitalizes property and equipment acquisitions in excess of \$5,000. Purchased property and equipment is recorded at cost. Donated property and equipment is recorded at fair market value on the date of the donation. Depreciation expense is calculated using the straight-line method over the following estimated useful lives:

Buildings and improvements	15-39 years
Vehicles	5-12 years
Furniture and equipment	5 years

Leasehold improvements are amortized over the shorter of the estimated life of the asset or the related lease term. Land and construction-in-process are not depreciated. Construction-in-process will be depreciated once the assets are placed in-service. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the consolidated statement of activities. Repairs and maintenance costs are charged to expense as incurred.

Leases - The Organization leases office space, warehouses, and containers under noncancelable operating lease agreements. Management assesses contracts at inception to determine whether an arrangement is or includes a lease, which conveys the Organization's right to control the use of an identified asset for a period of time in exchange for consideration. A determination is made at inception as to whether the lease is an operating lease or a finance lease, and lease determinations are reassessed in the event of a change in lease terms. Right-of-use ("ROU") assets and the associated liabilities are recognized at the commencement date and initially measured based on the present value of future minimum lease payments over the expected lease term, with ROU assets increased for initial direct costs and prepaid lease payments and reduced by any lease incentives received from the lessor. Lease cash incentives received at or after the lease commencement date are accounted for as cash inflows from operating or financing activities, based on lease classification. The Organization elects to account for lease cash incentives received prior to the lease commencement date based on the expected lease classification.

The majority of the Organization's lease agreements do not explicitly state the discount rate implicit in the lease; therefore, the Organization elects to use a risk-free rate to determine the value of its lease obligations when the implicit rate is not readily determinable. Leases with an initial term of twelve months or less are classified as short-term leases and are not recognized in the consolidated statement of financial position unless the lease contains a purchase option that is reasonably certain to be exercised. Lease payments for short-term leases are recognized on a straight-line basis over the lease term.

Lease agreements may include periodic adjustments to payment amounts for inflation or other variables, or may require payments for taxes, insurance, maintenance or other expenses, which are generally referred to as non-lease components. The Organization elects the practical expedient to account for non-lease components together with the related lease components for all classes of leased assets. Certain lease agreements include renewal options to extend the lease term. Management assesses these options using a threshold of reasonably certain, which is a high threshold; therefore, the Organization's lease agreements do not generally include renewal periods for the measurement of the ROU asset and the associated lease liability. Lease term, discount rate, variable lease costs and future minimum lease payment determinations require the use of judgment and are based on the facts and circumstances of each lease. Economic incentives, intent, past history and business need are among the factors considered to determine if renewal and/or purchase options are reasonably certain to be exercised.

Operating lease expense is recorded within rent and utilities expense over the term of the lease on a straight-line basis. Fixed costs for operating leases are composed of initial base rent amounts plus any fixed annual increases. Variable costs for operating leases consist primarily of common area maintenance and taxes under the office leases.

Impairment of Long-Lived Assets - Long-lived assets subject to depreciation and amortization are reviewed for impairment at the asset group level whenever events or circumstances indicate that the amount recorded may not be recoverable. An impairment loss is recognized by the amount in which the carrying amount of the asset group exceeds fair value, if the carrying amount of the asset group is not recoverable.

Revenue Recognition - Revenue is recognized when promised services are transferred to residents in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those services by following a five-step process: (1) identify the contract with a resident, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price, and (5) recognize revenue when or as the Organization satisfies a performance obligation, as further described below.

Programs and activities revenue include revenue from mission trips and merchandise sales. Mission trip revenue is recorded at the time the scheduled mission trip occurs. Merchandise sales are recorded at the point-of-sale for product sold. Revenue collected in advance for mission trips is deferred until the trip takes place and the revenue is earned. The timing of revenue recognition, billings, and cash collections resulted in deferred revenue totaling \$31,110 as of June 30, 2023.

Contributions Revenue - All contributions are recorded at their fair value and are considered to be available for operations of the Organization unless specifically restricted by the donor. The Organization recognizes contributions when cash, securities, other assets, or unconditional promises to give are received. Unconditional promises to give cash and other assets are reported as net assets with donor restrictions, if they are received with donor stipulations that limit the use of donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the related restricted net assets are reclassified to net assets without donor restrictions. This is reported in the consolidated statement of activities as net assets released from restrictions. Conditional promises to give, defined as those with a measurable performance or other barrier and a right of return, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributed Goods and Services - Non-cash items and other contributed goods and services are recorded at their fair value on the date they are received. Donated services are recognized as contributions during the period services are rendered if the services (a) create or enhance non-financial assets, and (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization received approximately 250,000 volunteer hours during the year ended June 30, 2024. Volunteer hours are not recognized in the consolidated statement of activities because the criteria for recognition as contribution revenue has not been satisfied.

The Organization received in-kind contributions of food, clothing, and medication for use in programs that support its mission and vision. Such gifts are recorded at estimated fair value on the date of donation based on the property appraisal, quantities donated, their condition and utility for use, by using wholesale pricing guides and sources. During the year ended June 30, 2024, donated goods totaled \$12,558,400, and are reported within contributed goods and services in the consolidated statement of activities. These gifts were predominantly contributed by other nonprofit corporations and private donors and were utilized for nutrition and hospital programs hosted by the Organization.

Employee Retention Tax Credit - During the year ended June 30, 2023, the Organization amended their tax returns with the Internal Revenue Service to recognize \$510,087 available through the Employee Retention Tax Credit (“ERTC”) offered under the Coronavirus Aid, Relief, and Economic Security Act and administered by the Small Business Administration. The Organization accounted for the ERTC as a conditional grant with one performance criteria of incurring qualifying expenses. The conditions were met prior to June 30, 2024, and the funds were received, and the full amount was recorded as revenue in the consolidated statement of activities for the year then ended.

Functional Expense Allocation - The accompanying consolidated financial statements present expenses by functional and natural classification. Natural expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Accordingly, certain costs have been allocated among the program and supporting services using a variety of cost allocation techniques, such as time and effort.

Advertising Costs - Advertising costs are charged to expense as incurred and totaled \$23,685 during the year ended June 30, 2024.

Federal Income Taxes - The MOH and CaribbeanOne are nonprofit organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except to the extent of any unrelated business income. MOH and CaribbeanOne did not incur any significant tax liabilities due to unrelated business income during the year ended June 30, 2024. MOH and CaribbeanOne are exempt from filing a Form 990 tax return given its religious exemption.

4. Liquidity and Availability of Financial Assets

The Organization's financial assets available within one year for general expenditure were as follows as of June 30, 2024:

Cash and cash equivalents	\$ 2,559,854
Marketable investments	41,949
Accounts receivable	171,418
Pledges receivable	<u>180,922</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 2,954,143</u>

There were no assets with purpose restrictions that were not expected to be met within the next year.

In addition to the financial assets available to meet general expenditures over the next year, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover expenditures. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. To ensure liquidity, the Organization has a line of credit with a bank for available borrowings of up to \$300,000.

5. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, investments, and receivables. The Organization places its cash and cash equivalents with a limited number of high-quality financial institutions and may exceed the amount of insurance provided on such deposits.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the consolidated statement of financial position.

The Organization does not maintain collateral for its receivables. Three donors accounted for 66% of pledges receivable at June 30, 2024, and one donor accounted for 15% of contribution revenue during the year ended June 30, 2024.

6. Property and Equipment

Property and equipment consisted of the following as of June 30, 2024:

Buildings and improvements	\$ 21,853,646
Vehicles and ship	1,576,984
Furniture and equipment	<u>485,141</u>
	23,915,771
Less accumulated depreciation and amortization	(7,177,969)
Land	6,374,676
Construction-in-process	<u>5,033,443</u>
Property and equipment, net	<u>\$ 28,145,921</u>

7. Leases

The following is a summary of the Organization's lease expense for the year ended June 30, 2024:

Operating lease expense	\$ 94,518
Short-term lease expense	<u>61,395</u>
Total	<u>\$ 155,913</u>

Future minimum lease payments due under long-term lease agreements as of June 30, 2024, were as follows:

	Operating Leases
2025	\$ 27,287
2026	38,000
2027	38,000
2028	<u>34,833</u>
Total minimum lease payments	138,120
Less amounts representing interest	<u>(10,704)</u>
Present value of minimum lease payments	127,416
Less current portion of lease obligations	<u>(22,599)</u>
Lease obligations, net of current portion	<u>\$ 104,817</u>

As of June 30, 2024, operating leases had a weighted average remaining lease term of 3.51 years and a weighted average discount rate of 3.80%.

8. Long-Term Debt

The Organization has a \$300,000 revolving line of credit with a financial institution to facilitate working capital needs. The line of credit is secured by substantially all assets held by the Organization. The line of credit bears interest at the Prime Rate, 8.50% as of June 30, 2024. Interest only payments are due monthly with all outstanding principal and interest due on demand. The unused balance of the credit line was \$300,000 as of June 30, 2024.

9. Net Assets With Donor Restrictions

Net assets with donor restrictions were temporarily restricted for the following purposes as of June 30, 2024:

Education	\$ 1,072,606
Nutrition	659,401
Ministry	302,852
Construction projects	130,049
Medical care	<u>5,014</u>
Net assets with donor restrictions	<u>\$ 2,169,922</u>

10. Contingencies

The Organization's ERTC is subject to review and audit by government agencies. These amounts have certain compliance requirements and, should audits by the government disclose any areas of substantial noncompliance, the Organization may be required to refund any disallowed costs.

11. Employee Retirement Plan

The Organization administers the Mission of Hope, Haiti 403(b) Plan ("the Plan"), which is available to certain eligible employees. Participants may elect to contribute from their annual salary up to amounts permitted by the Internal Revenue Code. The Organization contributed \$45,908 to the Plan during the year ended June 30, 2024.

12. Related Party Transactions

Contributions from Board members totaled \$80,992 during the year ended June 30, 2024. Pledges receivable from Board members totaled \$36,765 as of June 30, 2024.

13. Foreign Operations

Foreign operations are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in tax laws, possible limitations on foreign investments and income repatriation, government price controls, and restrictions on currency exchange. Net assets of foreign operations and net income from foreign subsidiaries totaled \$23,289,039 and \$24,764, respectively, as of and for the year ended June 30, 2024.

14. Subsequent Events

The Organization evaluated subsequent events through February 20, 2025 (the date the consolidated financial statements were available to be issued), and no events have occurred from the consolidated statement of financial position date through that date that would impact the consolidated financial statements.