

WORLD HOPE MINISTRIES INTERNATIONAL

FINANCIAL STATEMENTS

(With Independent Auditors' Report)

For the Years Ended December 31, 2022 and 2021

Hajovsky, Jones & Co., P.C.

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Houston, Texas

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August 31, 2023

INDEPENDENT AUDITORS' REPORT

World Hope Ministries International
Houston, Texas

We have audited the accompanying financial statements of World Hope Ministries International which comprise the statements of assets, liabilities and net assets – modified cash basis as of December 31, 2022 and 2021, and the related statements of activity, cash flows and functional expenses – modified cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of World Hope Ministries International as of December 31, 2022 and 2021, and its support, revenue and expenses for the years then ended, in accordance with the modified cash basis of accounting as described in Note A.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of World Hope Ministries International and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

August 31, 2023
INDEPENDENT AUDITORS' REPORT (continued)

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note A and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and is therefore 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 in the 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 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 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 World Hope Ministries International'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about World Hope Ministries International's ability to continue as a going concern for a reasonable period of time.

August 31, 2023
INDEPENDENT AUDITORS' REPORT (continued)

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.

Haignerly, Jones & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Houston, Texas

WORLD HOPE MINISTRIES INTERNATIONAL
(A Non-Profit Corporation)
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS
(Modified Cash Basis)

ASSETS

	December 31,	
	2022	2021
Current assets:		
Cash and cash equivalents	\$ 2,061,598	\$ 1,658,249
Total current assets	2,061,598	1,658,249
Property and equipment:		
Building	\$ 159,397	\$ 159,397
Furniture and equipment	54,091	54,091
Land	11,000	11,000
	224,488	224,488
Less accumulated depreciation	97,415	84,711
Total property and equipment	127,073	139,777
Total assets	\$ 2,188,671	\$ 1,798,026

LIABILITIES AND NET ASSETS

Current liabilities:		
Total current liabilities	\$ -	\$ -
Other liabilities	-	-
Total liabilities	-	-
Net assets:		
Without donor restrictions	\$ 1,509,427	\$ 1,323,601
With donor restrictions	679,244	474,425
Total net assets	2,188,671	1,798,026
Total liabilities and net assets	\$ 2,188,671	\$ 1,798,026

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

WORLD HOPE MINISTRIES INTERNATIONAL

(A Non-Profit Corporation)
STATEMENTS OF ACTIVITY
(Modified Cash Basis)

	Years ended	December 31,
	<u>2022</u>	<u>2021</u>
Net Assets Without Donor Restrictions		
Support and revenue:		
Contributions	\$ 1,439,094	\$ 1,333,188
Donated services	1,083,395	558,510
Donated travel	50,262	-
Paycheck Protection Program grant	-	137,400
Total support and revenue	<u>2,572,751</u>	<u>2,029,098</u>
 Reclassification of net assets with donor restrictions released from restrictions	 <u>696,745</u>	 <u>526,085</u>
 Total support and reclassifications	 <u>3,269,496</u>	 <u>2,555,183</u>
 Expenses:		
Program services (ministries):		
Global Reach - mission support	226,507	219,513
Bible Institute	2,313,005	1,293,796
Total program services	<u>2,539,512</u>	<u>1,513,309</u>
Supporting services:		
Fundraising	196,255	142,784
Administrative	347,903	305,121
Total supporting services	<u>544,158</u>	<u>447,905</u>
 Total expenses	 <u>3,083,670</u>	 <u>1,961,214</u>
 Increase in net assets without donor restrictions	 185,826	 593,969
 Increase in net assets with donor restrictions	 204,819	 107,010
 Net assets - beginning of year	 <u>1,798,026</u>	 <u>1,097,047</u>
 Net assets - end of year	 <u>\$ 2,188,671</u>	 <u>\$ 1,798,026</u>
 Net Assets With Donor Restrictions		
Support and revenue:		
Contributions	\$ 901,564	\$ 633,095
Total support and revenue	<u>901,564</u>	<u>633,095</u>
Reclassification of net assets with donor restrictions released from restrictions	 <u>(696,745)</u>	 <u>(526,085)</u>
 Increase in net assets with donor restrictions	 <u>\$ 204,819</u>	 <u>\$ 107,010</u>

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

WORLD HOPE MINISTRIES INTERNATIONAL

(A Non-Profit Corporation)

STATEMENT OF CASH FLOWS

(Modified Cash Basis)

	<u>Years ended</u>	<u>December 31,</u>
	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Increase in net assets	\$ 390,645	\$ 700,979
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	12,704	12,616
Net cash provided by operating activities	<u>403,349</u>	<u>713,595</u>
Cash flows from investing activities		
Purchase of property and equipment	-	(10,578)
Net cash used by investing activities	<u>-</u>	<u>(10,578)</u>
Cash flows from financing activities:	-	-
Net cash used by financing activities	<u>-</u>	<u>-</u>
Net increase in cash	403,349	703,017
Cash and cash equivalents at beginning of year	<u>1,658,249</u>	<u>955,232</u>
Cash and cash equivalents at end of year	<u>\$ 2,061,598</u>	<u>\$ 1,658,249</u>

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

WORLD HOPE MINISTRIES INTERNATIONAL

(A Non-Profit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2022

	Program Services		Supporting Services		Total
	Global Reach	Bible Institute	Mgmt/General	Fundraising	
Mission trips and travel	\$ 41,887	\$ 252,341	\$ -	\$ -	\$ 294,228
Mission travel - donated	8,556	41,706	-	-	50,262
Mission projects and grants	107,176	175,500	-	-	282,676
Salaries, benefits and taxes	62,956	694,011	296,104	135,453	1,188,524
Faculty expenses - donated	-	1,083,395	-	-	1,083,395
Development and event	-	-	-	45,940	45,940
Insurance	1,037	11,374	4,859	2,259	19,529
Depreciation	851	6,225	3,976	1,652	12,704
Office and postage	452	4,084	5,655	1,089	11,280
Technology	2,027	32,932	13,130	6,828	54,917
Dues, subscriptions and books	-	-	2,407	-	2,407
Bank and credit card charges	-	-	7,466	-	7,466
Maintenance and improvements	1,032	7,544	4,819	2,001	15,396
Accounting	-	-	7,000	-	7,000
Utilities	533	3,893	2,487	1,033	7,946
	<u>\$ 226,507</u>	<u>\$ 2,313,005</u>	<u>\$ 347,903</u>	<u>\$ 196,255</u>	<u>\$ 3,083,670</u>

For the Year Ended December 31, 2021

	Program Services		Supporting Services		Total
	Global Reach	Bible Institute	Mgmt/General	Fundraising	
Mission trips and travel	\$ 15,170	\$ 73,573	\$ -	\$ -	\$ 88,743
Mission projects and grants	138,506	57,356	-	-	195,862
Salaries, benefits and taxes	60,723	557,407	240,642	102,642	961,414
Faculty expenses	-	558,510	-	-	558,510
Development and event	-	-	-	29,796	29,796
Insurance	1,562	9,239	6,172	2,314	19,287
Depreciation	-	-	12,616	-	12,616
Office and postage	267	1,577	3,352	395	5,591
Technology	2,117	29,227	11,957	5,907	49,208
Dues, subscriptions and books	-	-	2,803	-	2,803
Bank and credit card charges	-	-	7,865	-	7,865
Maintenance and improvements	621	3,672	10,953	920	16,166
Accounting	-	-	6,600	-	6,600
Utilities	547	3,235	2,161	810	6,753
	<u>\$ 219,513</u>	<u>\$ 1,293,796</u>	<u>\$ 305,121</u>	<u>\$ 142,784</u>	<u>\$ 1,961,214</u>

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

WORLD HOPE MINISTRIES INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE A - Summary of Significant Accounting Policies:

Organization and nature of activities -

World Hope Ministries International, (the Organization) a religious organization, is a non-profit corporation under the laws of the State of Texas, originally organized in 1977. The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and related state statutes. The Organization is supported primarily through contributions from individuals, churches, foundations and other organizations interested in promoting the spread of the Gospel of Jesus Christ. The Organization supports Christian missions and provides theological education to pastors and other church leaders in remote areas of the world.

Basis of Presentation –

The Organization's policy is to prepare its financial statements on the modified cash basis of accounting which is a basis of accounting other than U.S. generally accepted accounting principles; consequently, certain revenues are recognized when received and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Net Assets -

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic No. 958, as changed by Accounting Standards Update (ASU) 2016-4. Under those accounting standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets as noted below.

Net assets of the Organization consist of the following:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. These net assets are available for general obligations of the Organization.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed or grantor-imposed restrictions that permit the Organization to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Organization.

Contributions designated by the donor for a particular purpose are separately accounted for in the financial statements as net assets with donor restrictions. As these amounts are expended for the designated purpose they are reclassified as net assets without donor restrictions.

WORLD HOPE MINISTRIES INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE A - Summary of Significant Accounting Policies (continued):

Contributions -

Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with restrictions.

Gifts of cash and other assets are reported as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or a purpose restriction is accomplished, these net assets are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as donor restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment –

Fixed assets are recorded at cost if purchased and at estimated fair value if donated. Depreciation expense for 2022 and 2021 in the amount of \$12,704 and \$12,616 is computed on the straight-line method over 20 to 30 years on the building and 10 years on furniture and equipment.

Cash and cash equivalents -

For purposes of the cash flow statement, cash consists of all bank accounts (including undeposited receipts).

Donated Services –

The faculty of the Organization is made up of many teaching professionals who volunteer their time to provide theological training to pastors and leaders in remote and underserved areas around the world. These professionals have the education and experience to provide sound biblical training. Without their volunteering the Organization would have to hire qualified individuals to provide the needed training which is an integral part of the mission of World Hope.

The fair value of the services is based upon the educational level of each individual and the hours of service provided. The amount of donated services consisted of 27,711 hours valued at \$1,083,395 for 2022 and 14,730 hours valued at \$558,510 for 2021 and is recognized in support and revenue as donated services with a corresponding faculty expense in program services.

WORLD HOPE MINISTRIES INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE A - Summary of Significant Accounting Policies (continued) -

Donated Services (continued) –

A large number of other individuals have contributed significant amounts of time to support the ministries of the Organization without compensation. The financial statements do not reflect the value of those contributed services because, although clearly substantial, no reliable basis exists for determining an appropriate amount.

Donated Nonfinancial Assets –

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted. The ASU requires nonprofits to present contributed nonfinancial assets as a separate line item in the statements of activity apart from contributions of cash or other financial assets along with expanded disclosure requirements. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The ASU was effective for 2022 with restatement of prior periods required, if applicable.

In 2022, the Organization received donations of travel expenses in the amount \$50,262, reported as donated travel in support and revenue in the statement of activity and mission travel – donated in the statement of functional expenses. The donated travel was valued at the cost of the airfare to the donor and the travel was utilized in the current year in programs of the Organization. There were no donated travel expenses or any other contributed nonfinancial assets in 2021.

Income Taxes -

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and related state statutes. The organization files form 990, Return of Organization Exempt from Income Tax with the Internal Revenue Service. The 990's for 2022, 2021, 2020 and 2019 are subject to examination for a period of three years after they were filed.

Estimates -

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. It is reasonable that the Organization's estimates may change in the near term.

Leases –

The Organization does not have any significant leases as a lessor or lessee.

WORLD HOPE MINISTRIES INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE B– Functional Allocation of Expenses:

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Costs are allocated between supporting services or program services based on evaluations of the related benefits. Supporting services include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

NOTE C – Global Pandemic and Paycheck Protection Program Loans:

The Organization reduced normal activities starting in April 2020 due to the Coronavirus pandemic and adjusted operating expenses as necessary. The Organization obtained an SBA loan under the Paycheck Protection Program (PPP) in the amounts of \$137,400 and \$113,065, for 2021 and 2020, respectively. The loans enabled the Organization to maintain its staff and pay some overhead expenses until operations were resumed. The Organization has been advised that the SBA has forgiven the entire loan amount of the loans, based on the fact the funds have been expended in accordance with the loan program and the Organization has met all requirements for forgiveness. The amount of \$137,400 was reflected in support and revenue for 2021.

NOTE D – Net Assets With Donor Restrictions:

Net assets with donor imposed restrictions consisted of the following as of December 31,

	<u>2022</u>	<u>2021</u>
Bible Institute leadership support	\$380,372	\$335,256
Accelerated Growth Initiative - specific locations	93,000	0
Bible Institute & Global Reach travel	80,669	72,763
Global Reach leadership support	48,822	20,629
Mission Projects	25,545	3,722
Kenya children – support and education	23,336	27,055
Translation services	20,000	15,000
Technology	<u>7,500</u>	<u>0</u>
	<u>\$679,244</u>	<u>\$474,425</u>

NOTE E - Employee Benefit Plans:

The Organization offers a 403(b) plan for the benefit of all full time employees who meet certain eligibility requirements. Participants may elect to contribute a portion of their allowable compensation to the plan, subject to the limits of the Internal Revenue Code. The Organization makes matching contributions to the 403(b) plan for participating employees in the amount of up to 5% of compensation. The cost to the Organization for the plan was \$30,158 and \$25,137 for the years ended December 31, 2022 and 2021, respectively.

WORLD HOPE MINISTRIES INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE F – Liquidity and Availability of Financial Assets:

The following reflects the Organization’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor imposed restrictions within one year of the balance sheet date. Donor imposed restrictions that are available for use within one year for general purposes include donations for specific leadership support and other funding for individuals in carrying out their mission with respect to the Bible Institute or Global Reach, donations which will be used to support the Kenyan children’s programs and donations which will support specific ongoing projects.

	<u>2022</u>	<u>2021</u>
Financial assets at year-end	\$2,061,598	\$1,658,248
Less those unavailable for general expenditures within one year due to:		
Donor restricted for technology	7,500	-0-
Donor restricted to other long-term purposes	<u>56,000</u>	<u>-0-</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$1,998,098</u>	<u>\$1,658,248</u>

NOTE G - Significant Concentrations of Credit Risk:

The Organization maintains its cash accounts with Wells Fargo Bank and Frost Bank and regularly has deposits in excess of insured limits with Wells Fargo Bank and Frost Bank. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash.

Most of the operations of the Organization take place outside of the United States of America, which can sometimes result in a significant disruption to the activities of the Organization. However, nearly all of the support of the Organization comes from within the USA.

NOTE H – Subsequent Events:

Subsequent events were evaluated through August 31, 2023, which is the date the financial statements were available to be issued.