

NEW HOPE UGANDA MINISTRIES, INC.

FINANCIAL REPORT

DECEMBER 31, 2015 AND 2014



DeSmet and Biggs, LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Hope Uganda Ministries, Inc.

We have audited the accompanying financial statements of New Hope Uganda Ministries, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Hope Uganda Ministries, Inc, as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

DeSmet and Biggs, LLP

September 21, 2016

NEW HOPE UGANDA MINISTRIES, INC.

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2015	2014
ASSETS		
Current Assets		
Cash in bank	\$ 414,919	\$ 403,102
Securities	<u> -</u>	<u> 4,963</u>
Total Current Assets	<u>\$ 414,919</u>	<u>\$ 408,065</u>

LIABILITIES AND NET ASSETS		
Current Liabilities	<u>\$ -</u>	<u>\$ -</u>
Net Assets		
Unrestricted	109,674	53,317
Temporarily restricted	<u>305,245</u>	<u>354,748</u>
Total net assets	<u>414,919</u>	<u>408,065</u>
Total Liabilities and Net Assets	<u>\$ 414,919</u>	<u>\$ 408,065</u>

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

NEW HOPE UGANDA MINISTRIES, INC.

STATEMENTS OF ACTIVITIES

	For Years Ended December 31,	
	2015	2014
Unrestricted Net Assets		
Support		
General undesignated contributions	\$ 201,585	\$ 134,447
Investment income	45	417
Gain (loss) on sale of securities	(44)	-
Unrealized gain (loss) on securities	<u>(23)</u>	<u>-</u>
Total unrestricted support	201,563	134,864
Net assets released from restrictions		
Restrictions satisfied by payment	<u>1,998,189</u>	<u>2,023,651</u>
Total unrestricted support and net assets released from restrictions	<u>2,199,752</u>	<u>2,158,515</u>
Expenses		
Program expenses		
Uganda Ministries	1,979,241	2,008,206
General supporting expenses	104,448	92,641
Fundraising expenses	<u>59,706</u>	<u>51,727</u>
Total expenses	<u>2,143,395</u>	<u>2,152,574</u>
Increase in Unrestricted Net Assets	<u>56,357</u>	<u>5,941</u>
Temporarily Restricted Net Assets		
Contributions	1,948,686	1,985,078
Investment income	-	105
Gain on sale of securities	-	60
Unrealized gain (loss) on securities	-	(168)
Net assets released from restrictions	<u>(1,998,189)</u>	<u>(2,023,651)</u>
Decrease in Temporarily Restricted Net Assets	<u>(49,503)</u>	<u>(38,576)</u>
Increase (Decrease) in Net Assets	6,854	(32,635)
Net Assets, Beginning of Year	<u>408,065</u>	<u>440,700</u>
Net Assets, End of Year	<u>\$ 414,919</u>	<u>\$ 408,065</u>

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

STATEMENTS OF FUNCTIONAL EXPENSES

NEW HOPE UGANDA MINISTRIES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2015

	Program Expenses	General Supporting Expenses	Fund Raising	Total
Grants, projects and assistance	\$1,074,747	\$ -	\$ -	\$1,074,747
Salaries and wages	717,968	78,829	32,654	829,451
Employee benefits	76,930	3,805	2,001	82,736
Payroll taxes	50,344	2,785	1,107	54,236
Office expense	-	1,919	7,675	9,594
Travel	58,960	5,743	6,494	71,197
Printing and mailings	-	1,560	6,240	7,800
Other	292	9,807	3,535	13,634
Total	<u>\$1,979,241</u>	<u>\$ 104,448</u>	<u>\$ 59,706</u>	<u>\$2,143,395</u>

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

For the Year Ended December 31, 2014

	Program Expenses	General Supporting Expenses	Fund Raising	Total
Grants, projects and assistance	\$1,098,589	\$ -	\$ -	\$1,098,589
Salaries and wages	711,650	73,042	31,913	816,605
Employee benefits	76,947	2,858	1,492	81,297
Payroll taxes	49,851	1,954	964	52,769
Office expense	-	1,725	6,900	8,625
Travel	66,704	2,717	2,982	72,403
Printing and mailings	-	1,073	4,294	5,367
Other	4,465	9,272	3,182	16,919
Total	<u>\$2,008,206</u>	<u>\$ 92,641</u>	<u>\$ 51,727</u>	<u>\$2,152,574</u>

NEW HOPE UGANDA MINISTRIES, INC.

STATEMENT OF CASH FLOWS

	For Years Ended December 31,	
	2015	2014
Cash Flows from Operating Activities		
Change in net assets	\$ 6,854	\$ (32,635)
Adjustments to reconcile change in net assets to net cash provided (used) by operations:		
Noncash contributions	-	(10,857)
(Gain) loss on sale of securities	44	(60)
Unrealized (gain) loss - marketable securities	<u>23</u>	<u>168</u>
Net Cash Provided (Used) by Operating Activities	<u>6,921</u>	<u>(43,384)</u>
Cash Flows from Investing Activities		
Cost of securities purchased	-	(105)
Proceeds from sale of securities	<u>4,896</u>	<u>15,385</u>
Net Cash Provided by Investing Activities	<u>4,896</u>	<u>15,280</u>
Increase (Decrease) in Cash and Cash Equivalents	11,817	(28,104)
Cash and Cash Equivalents at Beginning of Year	<u>403,102</u>	<u>431,206</u>
Cash and Cash Equivalents at End of Year	<u>\$ 414,919</u>	<u>\$ 403,102</u>

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

NEW HOPE UGANDA MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015 and 2014

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

New Hope Uganda Ministries, Inc. (Organization) was organized on September 6, 1995, and is a constituent of the New Hope Uganda (NGO) in Uganda, East Africa. The Organization is a nonprofit organization and is dedicated to spreading the Gospel through education, care and training to orphans in Uganda, East Africa. The Organization is supported primarily through contributions from individuals, churches, and the general public. The Organization has an office in the United States (South Dakota) in which contributions are raised and both monies and missionaries are sent to Uganda, East Africa.

Basis of Accounting and Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.
- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. As of December 31, 2015 the Organization does not own any of these types of assets.

Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code.

The Organization's income tax filings are subject to audit by various taxing authorities. The Organization is no longer subject to federal income tax examinations by taxing authorities for years before 2012.

NEW HOPE UGANDA MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Revenue Recognition

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed Services

The Organization receives a substantial amount of services donated by its members in carrying out the Organization's ministry. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2. Related Party

The Organization's purpose is to support Missionaries and send funds to New Hope Uganda (NGO) in Uganda, East Africa which is in the heart of Uganda, Africa to support various projects. The total paid to New Hope Uganda was \$902,521 and \$827,064 for the years ended December 31, 2015 and 2014, respectively. This Organization's contribution to this cause represents a major portion of the funds received by New Hope Uganda. If New Hope Uganda was without the support of this Organization, there would be a going concern for New Hope Uganda.

The Organization pays travel expenses for the missionaries. The majority of this travel expense is paid to a travel agency that is owned by a relative of the Organization's director who left the Organization in August 2015. Total paid to this travel agency was \$55,060 and \$69,610 for the years ended December 31, 2015 and 2014, respectively.

NEW HOPE UGANDA MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 3. Fair Value Measurements

The Organization uses a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data. At December 31, 2015 the Organization had no investments.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level I - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments which would generally be included in Level I include listed equities and listed derivatives. To the extent that it holds such investments, the Organization does not adjust the quoted price of these investments.

Level II - Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives.

Level III - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include general and limited partnership interests in corporate private equity and real estate funds, debt funds, hedge funds, distressed debt and non-investment grade residual interests in securitizations and collateralized debt obligations.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

NEW HOPE UGANDA MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 3. Fair Value Measurements (continued)

The fair value of each financial instrument listed below was measured using FAS ASC Topic 820 input guidance and valuation techniques. The following are all Level I financial instruments:

	<u>2015</u>	<u>2014</u>
Money Market Funds	\$ -	\$ -
Equities		
Goldman Sachs	<u>-</u>	<u>4,963</u>
	<u>\$ -</u>	<u>\$ 4,963</u>

The following schedule summarizes the investment return in the Statement of Activities for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ -	\$ 477
Net gains (losses)	(67)	(108)
Investment expenses	<u>-</u>	<u>-</u>
	<u>\$ (67)</u>	<u>\$ 369</u>

The above investment is classified in the Statement of Financial Position as follows:

	December 31,	
	<u>2015</u>	<u>2014</u>
Unrestricted	\$ -	\$ -
Temporarily restricted	<u>-</u>	<u>4,963</u>
	<u>\$ -</u>	<u>\$ 4,963</u>

NEW HOPE UGANDA MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 4. Restrictions on Net Assets

The Missionaries and staff are required to raise their own funds. Seven percent of the monies received from these funds are set aside and used for general supporting expenses. The remaining ninety-three percent are considered temporarily restricted until the funds are requested by the Missionary. The Dakota Project is a fundraiser led by a committee in the Dakotas. This committee accepts applications from managers in Uganda for large projects, usually construction or agriculture related. Once these applications are accepted the committee approves a certain amount of projects and they commit to raise the funds. The majority of the donors for Dakota Project come from North and South Dakota. The Fund Raising class is used for funds that come in for fundraisers. The amount is held until the full amount is raised. Once enough is raised to complete a specific project the funds are included in the monthly financial check to New Hope Uganda.

Temporarily restricted funds at December 31, 2015 consist of the following:

Missionaries	
Agosto	\$ 7,459
Anderson	12,184
Blank	7,234
Britton	4,559
Buente	436
Carey	2,025
Cochran	15,414
Dangers, Jay	6,600
Dangers, Jennie	12,433
Dobbs	1,697
Dolge	3,817
Hoover	5,168
Jackson	10,924
Kirk	2,020
Kirsch	22,048
McFarland	9,586
Mitchell	16,302
Peterson	1,717
Roise	310
Sparks	36,166
Vogt	19,263
White	8,597
Williams	4,994
Winterstein	558
Wood	1,311
Dakota Project	26,884
Fundraising	65,539
	<u>\$ 305,245</u>

NEW HOPE UGANDA MINISTRIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 5. Functional Expenses

The costs of providing the programs and supporting services have been summarized on a functional basis in the statements of functional expenses. The cost of the missionaries and projects has been directly allocated to the program expenses. Costs are allocated to general and administrative and fundraising at a rate based on management's estimates of the services benefiting from the expense, unless an expense is directly attributable to the function.

Note 6. Concentrations

At times throughout the year, the Organization may maintain certain bank accounts in excess of FDIC insured limits. As of December 31, 2015 and 2014, the bank balances were \$427,837 and \$479,108. The Organization does not believe it is exposed to any significant credit risk on checking accounts and other interest bearing deposits.

Note 7. Subsequent Events

Subsequent events were evaluated through September 21, 2016 which is the date the financial statements were available to be issued.