

**NEW HOPE UGANDA
MINISTRIES, INC.**

Financial Statements
With Independent Auditors' Report

December 31, 2016

NEW HOPE UGANDA MINISTRIES, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
New Hope Uganda Ministries, Inc.
Belle Fourche, South Dakota

We have audited the accompanying financial statements of New Hope Uganda Ministries, Inc. (NHUM), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year 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.

Auditors' Responsibility

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

Board of Directors
New Hope Uganda Ministries, Inc.
Belle Fourche, South Dakota

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, 2016, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Colorado Springs, Colorado
August 29, 2017

NEW HOPE UGANDA MINISTRIES, INC.

Statement of Financial Position

December 31, 2016

ASSETS:

Cash	\$	501,844
Pledges receivable-net		18,645
Property and equipment		<u>5,000</u>

Total Assets	\$	<u><u>525,489</u></u>
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LIABILITIES AND NET ASSETS:

Liabilities:

Accounts payable	\$	<u>95,520</u>
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Net assets:

Unrestricted		170,162
Temporarily restricted		<u>259,807</u>
		<u><u>429,969</u></u>

Total Liabilities and Net Assets	\$	<u><u>525,489</u></u>
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See notes to the financial statements

NEW HOPE UGANDA MINISTRIES, INC.

Statement of Activities

For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:			
Contributions	\$ 320,963	\$ 1,346,951	\$ 1,667,914
Program revenue	29,638	-	29,638
Other revenue	3,455	-	3,455
Total Support and Revenue	<u>354,056</u>	<u>1,346,951</u>	<u>1,701,007</u>
NET ASSETS RELEASED:			
Purpose restrictions	1,287,404	(1,287,404)	-
Administrative assessments	104,985	(104,985)	-
	<u>1,392,389</u>	<u>(1,392,389)</u>	<u>-</u>
EXPENSES:			
Program expenses	1,458,768	-	1,458,768
Administrative expenses	160,545	-	160,545
Fundraising expenses	80,091	-	80,091
Total Expenses	<u>1,699,404</u>	<u>-</u>	<u>1,699,404</u>
Change in Net Assets	47,041	(45,438)	1,603
Net Assets, Beginning of Year	<u>123,121</u>	<u>305,245</u>	<u>428,366</u>
Net Assets, End of Year	<u>\$ 170,162</u>	<u>\$ 259,807</u>	<u>\$ 429,969</u>

See notes to the financial statements

NEW HOPE UGANDA MINISTRIES, INC.

Statement of Cash Flows

For the Year Ended December 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 1,603
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Changes in operating assets and liabilities:	
Pledges receivable	(1,210)
Accounts payable	(41,499)
Net Cash Used by Operating Activities	<u>(41,106)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment	<u>(5,000)</u>
Net Cash Used in Investing Activities	<u>(5,000)</u>

Net Change in Cash (46,106)

Cash, Beginning of Year 547,950

Cash, End of Year \$ 501,844

See notes to the financial statements

NEW HOPE UGANDA MINISTRIES, INC.

Notes to Financial Statements

December 31, 2016

1. NATURE OF ORGANIZATION:

New Hope Uganda Ministries, Inc. (NHUM) exists to work with this generation to bring the Fatherhood of God to the fatherless children of Uganda for generations to come. This is done by partnering with New Hope Uganda (NGO), a registered nongovernmental organization in Uganda, East Africa. NHUM's primary source of revenue includes voluntary contributions.

NHUM was incorporated in September 1995 as a non-profit organization as described in section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal and state income taxes, and is not considered a private foundation under Section 509(a) of the Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

NHUM maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH

Cash consists of cash held in checking and savings accounts. These accounts, at times, may exceed federally insured limits. NHUM has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk.

PLEDGES RECEIVABLE–NET

Pledges receivable are unconditional promises to give and are recognized as assets and support in the period made. All pledges receivable are due within one year. An allowance for uncollectible amounts of \$18,644 was recorded as of December 31, 2016. Management's estimate of uncollectible amounts was based upon analysis of historical collections.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, or if donated, at fair value as of the date of the gift. NHUM capitalizes fixed assets greater than \$500. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets ranging from 3-10 years on furniture, fixtures, and office equipment. Capitalized website costs totaling \$5,000 are recorded on the statement of financial position. The website was completed in December 2016, therefore no depreciation or accumulated depreciation was recorded during the year ended December 31, 2016.

NEW HOPE UGANDA MINISTRIES, INC.

Notes to Financial Statements

December 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The net assets of NHUM are reported in the following categories:

Unrestricted net assets consist of resources available to support NHUM's operations.

Temporarily restricted net assets are those resources that are donor-restricted for the support of projects and ministries.

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash or other assets are received or unconditionally promised. Contributions restricted by the donor for a specific purpose are recorded as temporarily restricted class of net assets until funds have been expended by NHUM for the purposes specified. Upon satisfaction of the restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Program and other revenue are recorded and recognized when earned.

Expenses are recognized when an obligation is incurred.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program services, supporting activities and fundraising activities have been summarized on a functional basis on the statement of activities. Accordingly, certain costs, such as salaries, have been allocated among each of the functional categories.

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statement of activities. As of December 31, 2016, NHUM had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

NHUM is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2013.

NEW HOPE UGANDA MINISTRIES, INC.

Notes to Financial Statements

December 31, 2016

3. TEMPORARILY RESTRICTED NET ASSETS:

As of December 31, 2016, temporarily restricted net assets consist of:

Missionary support	\$	178,051
Kobwin water		20,716
Time restricted		18,645
Infrastructure		14,917
Orphan care		7,180
Dakota project		6,800
Eye clinic		6,068
Other program funds		7,430
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	\$	259,807
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4. RELATED PARTY TRANSACTIONS:

NHUM's purpose is to support missionaries and send funds to New Hope Uganda (NGO) in Uganda, East Africa. NHUM and NGO share one board member. The total paid to NGO was approximately \$541,000 during the year ended December 31, 2016. NHUM's contribution represents a major portion of the funds received by NGO. If NGO was without the support of NHUM, there would be a going concern for NGO.

5. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.