



NEW HOPE UGANDA MINISTRIES, INC.

Financial Statements  
With Independent Auditors' Report

December 31, 2018 and 2017

# 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., which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. 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 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.

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, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

New Hope Uganda Ministries, Inc., has adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*, as described in note 2. This has had a material effect on the presentation of the December 31, 2018 and 2017 financial statements. Our opinion is not modified in respect to this matter.

*Capin Crouse LLP*

Colorado Springs, Colorado  
May 21, 2019

# NEW HOPE UGANDA MINISTRIES, INC.

## Statements of Financial Position

	December 31,	
	2018	2017
ASSETS:		
Cash	\$ 580,696	\$ 659,039
Pledges receivable–net	10,036	17,547
Property and equipment–net	1,666	3,333
Total Assets	<u>\$ 592,398</u>	<u>\$ 679,919</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 120,167	\$ 184,602
Deferred revenue	-	13,432
	<u>120,167</u>	<u>198,034</u>
Net assets:		
Without donor restrictions	(4,467)	59,006
With donor restrictions	476,698	422,879
	<u>472,231</u>	<u>481,885</u>
Total Liabilities and Net Assets	<u>\$ 592,398</u>	<u>\$ 679,919</u>

See notes to the financial statements

# NEW HOPE UGANDA MINISTRIES, INC.

## Statements of Activities

	Years Ended December 31,					
	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 200,190	\$ 1,757,005	\$ 1,957,195	\$ 38,904	\$ 1,836,833	\$ 1,875,737
Program revenue	66,881	-	66,881	41,157	-	41,157
Total Support and Revenue	267,071	1,757,005	2,024,076	80,061	1,836,833	1,916,894
<b>NET ASSETS RELEASED:</b>						
Purpose restrictions	1,489,667	(1,489,667)	-	1,597,585	(1,597,585)	-
Administrative assessments	213,519	(213,519)	-	76,176	(76,176)	-
	1,703,186	(1,703,186)	-	1,673,761	(1,673,761)	-
<b>EXPENSES:</b>						
Program expenses	1,800,881	-	1,800,881	1,615,781	-	1,615,781
Supporting activities:						
General and administrative	121,260	-	121,260	164,458	-	164,458
Fundraising	111,589	-	111,589	84,739	-	84,739
Total Expenses	2,033,730	-	2,033,730	1,864,978	-	1,864,978
Change in Net Assets	(63,473)	53,819	(9,654)	(111,156)	163,072	51,916
Net Assets, Beginning of Year	59,006	422,879	481,885	170,162	259,807	429,969
Net Assets, End of Year	\$ (4,467)	\$ 476,698	\$ 472,231	\$ 59,006	\$ 422,879	\$ 481,885

See notes to the financial statements

# NEW HOPE UGANDA MINISTRIES, INC.

## Statements of Cash Flows

	Years Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (9,654)	\$ 51,916
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	1,667	1,667
Changes in operating assets and liabilities:		
Pledges receivable	7,511	1,098
Accounts payable	(64,435)	89,082
Deferred revenue	(13,432)	13,432
Net Cash Provided (Used) by Operating Activities	<u>(78,343)</u>	<u>157,195</u>
Net Change in Cash	(78,343)	157,195
Cash, Beginning of Year	<u>659,039</u>	<u>501,844</u>
Cash, End of Year	<u>\$ 580,696</u>	<u>\$ 659,039</u>

See notes to the financial statements

# NEW HOPE UGANDA MINISTRIES, INC.

## Notes to Financial Statements

December 31, 2018 and 2017

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 nonprofit organization as described in section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal and comparable state laws. However, NHUM is subject to federal income tax on any unrelated business taxable income. In addition NHUM is not classified as a private foundation within the meaning of Section 509(a) of the IRC.

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. At December 31, 2018 and 2017, NHUM has on deposit with financial institutions that exceeded federally insured limits by approximately \$239,000 and \$284,000, respectfully. NHUM does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage.

### 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 \$3,242 and \$14,801 was recorded as of December 31, 2018 and 2017, respectively. Management's estimate of uncollectible amounts was based upon analysis of historical collections.

### PROPERTY AND EQUIPMENT–NET

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.



# NEW HOPE UGANDA MINISTRIES, INC.

## Notes to Financial Statements

December 31, 2018 and 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### NET ASSETS

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

*Net assets without donor restrictions* consist of resources available to support NHUM's operations.

*Net assets with donor restrictions* 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 net assets with donor restrictions until funds have been expended by NHUM for the purposes specified. Upon satisfaction of the restriction, net assets with donor restrictions are reclassified to donations without donor restrictions and reported in the statements 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.

#### RECENTLY ISSUED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, NHUM adopted the provisions of this new standard during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, disclosures were added regarding liquidity and the availability of resources (note 3) and the functional allocation of expenses (note 5).

# NEW HOPE UGANDA MINISTRIES, INC.

## Notes to Financial Statements

December 31, 2018 and 2017

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects NHUM's financial assets as of December 31, 2018 and 2017, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, are contributions received with donor specified restrictions not expected to be used within the upcoming fiscal year, or the governing board has set aside the funds for specific contingency reserves and projects. NHUM structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of December 31, 2018 and 2017, all financial assets were considered to be available for general expenditure within one year.

	December 31,	
	2018	2017
Financial assets:		
Cash	\$ 580,696	\$ 659,039
Pledges receivable-net	10,036	17,547
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 590,732	 \$ 676,586

4. DONATIONS WITH DONOR RESTRICTIONS:

As of December 31, 2018 and 2017, donations with donor restrictions consist of:

	December 31,	
	2018	2017
Missionaries	\$ 251,347	\$ 129,932
Kobwin	114,217	62,454
NHUM marketing	52,643	34,069
Infrastructure	25,392	135,994
Time restricted	10,036	17,547
Eye clinic	8,368	10,568
Orphan Care	5,126	5,126
Dakota project	571	10,077
Sponsorship	25	11,706
Other program funds	8,973	5,406
	 \$ 476,698	 \$ 422,879

# NEW HOPE UGANDA MINISTRIES, INC.

## Notes to Financial Statements

December 31, 2018 and 2017

5. EXPENSES BY BOTH NATURE AND FUNCTION:

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of NHUM. These expenses include grants and direct assistance, salaries, benefits, and taxes, travel expenses, office expenses, printing and mailing, and other expenses. Grants and direct assistance are related to the mission and purpose of NHUM. Costs of other categories were allocated on estimates of time and effort. Total expenses include all operating expenses.

Functional expenses by natural classification for the years ended December 31, 2018 and 2017 are:

	For the year ended December 31, 2018			
	Program Services	General and Administrative	Fund-raising	Total
Grants and direct assistance	\$ 1,024,489	\$ -	\$ -	\$ 1,024,489
Salaries, benefits, and taxes	668,515	55,688	69,897	794,100
Travel expenses	98,313	2,466	26,077	126,856
Office expenses	-	59,116	637	59,753
Printing and mailing	-	1,081	14,396	15,477
Other expense	9,564	2,909	582	13,055
	\$ 1,800,881	\$ 121,260	\$ 111,589	\$ 2,033,730
	For the year ended December 31, 2017			
	Program Services	General and Administrative	Fund-raising	Total
Grants and direct assistance	\$ 1,003,303	\$ -	\$ -	\$ 1,003,303
Salaries, benefits, and taxes	528,126	112,653	56,125	696,904
Travel expenses	76,179	686	7,072	83,937
Office expenses	7,805	49,570	10,640	68,015
Printing and mailing	368	1,549	8,337	10,254
Other expense	-	-	2,565	2,565
	\$ 1,615,781	\$ 164,458	\$ 84,739	\$ 1,864,978

# NEW HOPE UGANDA MINISTRIES, INC.

## Notes to Financial Statements

December 31, 2018 and 2017

6. 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 \$1,024,000 and \$1,003,000 during the years ended December 31, 2018 and 2017, respectively. 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.

7. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the May 21, 2019, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.