



**NEW HOPE UGANDA
MINISTRIES, INC.**

Financial Statements
With Independent Auditors' Report

December 31, 2019 and 2018

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, 2019 and 2018, 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, 2019 and 2018, 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

As described in Note 7 to the financial statements, New Hope Uganda Ministries, Inc. identified adjustments pertaining to amounts recorded as net assets with donor restrictions as of January 1, 2018 that should have been recorded as net assets without donor restrictions. Accordingly, the 2018 financial statements now presented have been restated, and opening net asset balances as of January 1, 2018 have been adjusted to reflect this change. Our opinion is not modified with respect to this matter.

Capin Crouse LLP

Colorado Springs, Colorado
May 29, 2020

NEW HOPE UGANDA MINISTRIES, INC.

Statements of Financial Position

	December 31,	
	2019	2018 (Restated)
ASSETS:		
Cash	\$ 688,408	\$ 580,696
Pledges receivable–net	14,823	10,036
Property and equipment–net	-	1,666
Total Assets	<u>\$ 703,231</u>	<u>\$ 592,398</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 127,611	\$ 120,167
	<u>127,611</u>	<u>120,167</u>
Net assets:		
Without donor restrictions:		
Operating	227,446	108,604
Board designated funds	14,847	-
	<u>242,293</u>	<u>108,604</u>
With donor restrictions	333,327	363,627
	<u>575,620</u>	<u>472,231</u>
Total Liabilities and Net Assets	<u>\$ 703,231</u>	<u>\$ 592,398</u>

See notes to the financial statements

NEW HOPE UGANDA MINISTRIES, INC.

Statements of Activities

	Year Ended December 31,					
	2019			2018		
				(Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 388,011	\$ 1,692,653	\$ 2,080,664	\$ 200,190	\$ 1,757,005	\$ 1,957,195
Program revenue	60,668	-	60,668	66,881	-	66,881
Total Support and Revenue	448,679	1,692,653	2,141,332	267,071	1,757,005	2,024,076
NET ASSETS RELEASED:						
Purpose restrictions	1,428,830	(1,428,830)	-	1,561,279	(1,561,279)	-
Administrative assessments	294,123	(294,123)	-	213,519	(213,519)	-
	1,722,953	(1,722,953)	-	1,774,798	(1,774,798)	-
EXPENSES:						
Program expenses	1,776,991	-	1,776,991	1,800,881	-	1,800,881
Supporting activities:						
General and administrative	132,279	-	132,279	121,260	-	121,260
Fundraising	128,673	-	128,673	111,589	-	111,589
Total Expenses	2,037,943	-	2,037,943	2,033,730	-	2,033,730

(continued)

See notes to the financial statements

NEW HOPE UGANDA MINISTRIES, INC.

Statements of Activities (continued)

	Year Ended December 31,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions (Restated)	Total
Change in Net Assets	133,689	(30,300)	103,389	8,139	(17,793)	(9,654)
Net Assets, Beginning of Year, as previously stated	108,604	363,627	472,231	59,006	422,879	481,885
Prior period adjustment	-	-	-	41,459	(41,459)	-
Net Assets, Beginning of Year, as restated	108,604	363,627	472,231	100,465	381,420	481,885
Net Assets, End of Year	<u>\$ 242,293</u>	<u>\$ 333,327</u>	<u>\$ 575,620</u>	<u>\$ 108,604</u>	<u>\$ 363,627</u>	<u>\$ 472,231</u>

See notes to the financial statements

NEW HOPE UGANDA MINISTRIES, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2019	2018
		(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 103,389	\$ (9,654)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,666	1,667
Changes in operating assets and liabilities:		
Pledges receivable	(4,787)	7,511
Accounts payable	7,444	(64,435)
Deferred revenue	-	(13,432)
Net Cash Provided (Used) by Operating Activities	<u>107,712</u>	<u>(78,343)</u>
Net Change in Cash	107,712	(78,343)
Cash, Beginning of Year	<u>580,696</u>	<u>659,039</u>
Cash, End of Year	<u>\$ 688,408</u>	<u>\$ 580,696</u>

See notes to the financial statements

NEW HOPE UGANDA MINISTRIES, INC.

Notes to Financial Statements

December 31, 2019 and 2018 (Restated)

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, 2019 and 2018, NHUM had cash and cash equivalents on deposit with financial institutions that exceeded the federally insured (FDIC) balance by approximately \$372,000 and \$239,000, respectively. NHUM has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

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 \$5,540 and \$3,242, was recorded as of December 31, 2019 and 2018, 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. As of December 31, 2019, property and equipment were fully depreciated.

NEW HOPE UGANDA MINISTRIES, INC.

Notes to Financial Statements

December 31, 2019 and 2018 (Restated)

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 and resources designated by the board of directors for missionary care.

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 revenue is recorded and recognized when earned.

Expenses are recognized when an obligation is incurred.

RECENTLY ISSUED ACCOUNTING STANDARD

In 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. NHUM adopted the provisions of this new standard during the year ended December 31, 2019. This new standard provides guidance on determining whether transactions should be accounted for as an exchange transaction or a contribution and whether a contribution should be recorded as conditional or unconditional. Adoption of this standard had no effect on the change in net assets or net assets in total.

NEW HOPE UGANDA MINISTRIES, INC.

Notes to Financial Statements

December 31, 2019 and 2018 (Restated)

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects NHUM's financial assets as of December 31, 2019 and 2018, 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 or projects. NHUM structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

	December 31,	
	2019	2018 (Restated)
Financial assets:		
Cash	\$ 688,408	\$ 580,696
Pledges receivable-net	14,823	10,036
Less those unavailable for general expenditure within one year, due to:		
Board designated funds for missionary care	(14,847)	-
Project funds not expected to be used within one year	(68,339)	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 620,045</u>	<u>\$ 590,732</u>

4. NET ASSETS WITH DONOR RESTRICTIONS:

As of December 31, 2019 and 2018, net assets with donor restrictions consist of:

	December 31,	
	2019	2018 (Restated)
Missionaries	\$ 167,670	\$ 177,133
Kobwin	93,976	93,480
NHUM marketing	23,419	52,643
Time restricted	14,822	10,036
Dakota project	12,825	3,176
Eye clinic	8,368	8,368
Infrastructure	949	8,013
Other program funds	11,298	10,778
	<u>\$ 333,327</u>	<u>\$ 363,627</u>

NEW HOPE UGANDA MINISTRIES, INC.

Notes to Financial Statements

December 31, 2019 and 2018 (Restated)

5. FUNCTIONAL ALLOCATION OF EXPENSES:

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.

Functional expenses by natural classification for the years ended December 31, 2019 and 2018 are:

	Year Ended December 31, 2019			
	Program Services	General and Administrative	Fund-raising	Total
Salaries, benefits, and taxes	\$ 791,188	\$ 55,627	\$ 81,155	\$ 927,970
Grants and direct assistance	906,463	-	-	906,463
Travel expenses	72,136	1,032	22,922	96,090
Office expenses	1,625	59,974	11,532	73,131
Other expense	5,579	13,753	3,229	22,561
Printing and mailing	-	1,893	9,835	11,728
	<u>\$ 1,776,991</u>	<u>\$ 132,279</u>	<u>\$ 128,673</u>	<u>\$ 2,037,943</u>
	Year Ended December 31, 2018			
	Program Services	General and Administrative	Fund-raising	Total
Salaries, benefits, and taxes	\$ 668,515	\$ 55,688	\$ 69,897	\$ 794,100
Grants and direct assistance	1,024,489	-	-	1,024,489
Travel expenses	98,313	2,466	26,077	126,856
Office expenses	-	59,116	637	59,753
Other expense	9,564	2,909	582	13,055
Printing and mailing	-	1,081	14,396	15,477
	<u>\$ 1,800,881</u>	<u>\$ 121,260</u>	<u>\$ 111,589</u>	<u>\$ 2,033,730</u>

NEW HOPE UGANDA MINISTRIES, INC.

Notes to Financial Statements

December 31, 2019 and 2018 (Restated)

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 granted to NGO was approximately \$906,000 and \$1,024,000, during the years ended December 31, 2019 and 2018, respectively. NHUM's contribution represents a major portion of the funds received by NGO. As of December 31, 2019 and 2018, amounts unconditionally granted to NGO and included within accounts payable on the statements of financial position totaled \$116,924 and \$109,498, respectively.

During the years ended December 31, 2019 and 2018, NHUM received a significant amount of donations from its board of directors and from family members of management and the board of directors. Total related party donations for the years ended December 31, 2019 and 2018, were approximately \$108,000 and \$181,000, respectively.

7. PRIOR PERIOD ADJUSTMENT:

During the year ended December 31, 2019, management determined that certain amounts reported as net assets with donor restrictions as of January 1, 2018, should have been included in net assets without donor restrictions. As a result, the 2018 financial statements have been restated to properly reflect these amounts. The impact of this restatement on the 2018 financial statements is as follows:

	As Previously Stated	Prior Period Adjustment	As Restated
Net assets without donor restrictions as of January 1, 2018	\$ 59,006	\$ 41,459	\$ 100,465
Net assets with donor restrictions as of January 1, 2018	\$ 422,879	\$ (41,459)	\$ 381,420
Change in net assets without donor restrictions for the year ended December 31, 2018	\$ (63,473)	\$ 71,612	\$ 8,139
Change in net assets with donor restrictions for the year ended December 31, 2018	\$ 53,819	\$ (71,612)	\$ (17,793)
Net assets without donor restrictions as of December 31, 2018	\$ (4,467)	\$ 113,071	\$ 108,604
Net assets with donor restrictions as of December 31, 2018	\$ 476,698	\$ (113,071)	\$ 363,627

8. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the May 29, 2020, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.