



**NEW HOPE UGANDA
MINISTRIES, INC.**

Financial Statements
With Independent Auditors' Report

December 31, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, 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.

Capin Crouse LLP

Colorado Springs, Colorado
May 21, 2021

NEW HOPE UGANDA MINISTRIES, INC.

Statements of Financial Position

	December 31,	
	<u>2020</u>	<u>2019</u>
ASSETS:		
Cash	\$ 651,090	\$ 688,408
Pledges receivable-net	<u>17,386</u>	<u>14,823</u>
Total Assets	<u>\$ 668,476</u>	<u>\$ 703,231</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 6,851	\$ 127,611
Paycheck Protection Program loan	<u>49,895</u>	<u>-</u>
	<u>56,746</u>	<u>127,611</u>
Net assets:		
Without donor restrictions:		
Operating	184,752	227,446
Board designated funds	<u>22,424</u>	<u>14,847</u>
	<u>207,176</u>	<u>242,293</u>
With donor restrictions	<u>404,554</u>	<u>333,327</u>
	<u>611,730</u>	<u>575,620</u>
Total Liabilities and Net Assets	<u>\$ 668,476</u>	<u>\$ 703,231</u>

See notes to the financial statements

NEW HOPE UGANDA MINISTRIES, INC.

Statements of Activities

	Year Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 348,187	\$ 1,761,820	\$ 2,110,007	\$ 388,011	\$ 1,692,653	\$ 2,080,664
Program revenue	1,245	-	1,245	60,668	-	60,668
Total Support and Revenue	349,432	1,761,820	2,111,252	448,679	1,692,653	2,141,332
NET ASSETS RELEASED:						
Purpose restrictions	1,421,544	(1,421,544)	-	1,428,830	(1,428,830)	-
Administrative assessments	269,049	(269,049)	-	294,123	(294,123)	-
	1,690,593	(1,690,593)	-	1,722,953	(1,722,953)	-
EXPENSES:						
Program expenses	1,882,876	-	1,882,876	1,776,991	-	1,776,991
Supporting activities:						
General and administrative	148,695	-	148,695	132,279	-	132,279
Fundraising	43,571	-	43,571	128,673	-	128,673
Total Expenses	2,075,142	-	2,075,142	2,037,943	-	2,037,943

(continued)

See notes to the financial statements

NEW HOPE UGANDA MINISTRIES, INC.

Statements of Activities
(continued)

	Year Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Change in Net Assets	(35,117)	71,227	36,110	133,689	(30,300)	103,389
Net Assets, Beginning of Year	242,293	333,327	575,620	108,604	363,627	472,231
Net Assets, End of Year	\$ 207,176	\$ 404,554	\$ 611,730	\$ 242,293	\$ 333,327	\$ 575,620

See notes to the financial statements

NEW HOPE UGANDA MINISTRIES, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 36,110	\$ 103,389
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	-	1,666
Changes in operating assets and liabilities:		
Pledges receivable	(2,563)	(4,787)
Accounts payable	(120,760)	7,444
Net Cash Provided (Used) by Operating Activities	<u>(87,213)</u>	<u>107,712</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	49,895	-
Net Cash Provided by Financing Activities	<u>49,895</u>	<u>-</u>
Net Change in Cash	(37,318)	107,712
Cash, Beginning of Year	<u>688,408</u>	<u>580,696</u>
Cash, End of Year	<u>\$ 651,090</u>	<u>\$ 688,408</u>

See notes to the financial statements

NEW HOPE UGANDA MINISTRIES, INC.

Notes to Financial Statements

December 31, 2020 and 2019

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, 2020 and 2019, NHUM had cash on deposit with financial institutions that exceeded the federally insured (FDIC) balance by approximately \$327,000 and \$372,000, respectively. NHUM has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

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 \$6,374 and \$5,540, was recorded as of December 31, 2020 and 2019, respectively. Management's estimate of uncollectible amounts was based upon analysis of historical collections.

PAYCHECK PROTECTION PROGRAM LOAN

During the year ended December 31, 2020, NHUM received a Paycheck Protection Program (PPP) loan of \$49,895 through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan accrues interest at 1% per annum and matures two years from the date it was funded. This loan may be forgiven up to the full amount if various qualifying expenses set by the Small Business Administration, such as normal payroll costs, are incurred.

NEW HOPE UGANDA MINISTRIES, INC.

Notes to Financial Statements

December 31, 2020 and 2019

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 consists of income for mission trip teams and other miscellaneous revenue. Program revenue is recorded when earned. Program income earned, but not yet received, would result in the recording of accounts receivable. Program revenue received but not yet earned would result in the recording of deferred revenue. For the years ended December 31, 2020 and 2019, there were no accounts receivable or deferred revenue recorded by NHUM. As of December 31, 2020 and 2019, NHUM had no obligation to provide refunds for canceled events.

Expenses are recognized when an obligation is incurred.

ADVERTISING

NHUM advertises to promote awareness of its ministry. Advertising costs are expensed as incurred. For the years ended December 31, 2020 and 2019, advertising costs were \$28,961 and \$26,221, respectively.

ADOPTION OF NEW ACCOUNTING STANDARDS

In 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers*. NHUM adopted the provisions of this new standard during the year ended December 31, 2020. In addition to changes in methodology for revenue recognition, the standard eliminates the transaction and industry specific revenue recognition guidance under current GAAP and replaces it with a principle based approach for determining revenue recognition. This standard did not have a material impact on the presentation of the December 31, 2020 financial statements nor did it affect change in net assets or net assets in total.

NEW HOPE UGANDA MINISTRIES, INC.

Notes to Financial Statements

December 31, 2020 and 2019

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects NHUM's financial assets as of December 31, 2020 and 2019, 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,	
	2020	2019
Financial assets:		
Cash	\$ 651,090	\$ 688,408
Pledges receivable-net	17,386	14,823
	<u>668,476</u>	<u>703,231</u>
Less those unavailable for general expenditure within one year, due to:		
Board designated funds for missionary care	(22,424)	(14,847)
Project funds not expected to be used within one year	(31,676)	(68,339)
	<u>(54,100)</u>	<u>(83,186)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 614,376</u>	<u>\$ 620,045</u>

NEW HOPE UGANDA MINISTRIES, INC.

Notes to Financial Statements

December 31, 2020 and 2019

4. NET ASSETS WITH DONOR RESTRICTIONS:

As of December 31, 2020 and 2019, net assets with donor restrictions consist of:

	December 31,	
	2020	2019
Missionaries	\$ 202,382	\$ 167,669
Sponsorship	47,183	-
Housing	30,560	-
Kobwin	20,822	93,976
Time restricted	17,386	14,823
COVID-19 urgency fund	16,682	-
Dakota project	15,350	12,825
Infrastructure	12,981	949
Eye clinic	8,368	8,368
Kasana	7,269	-
Orphan care	6,911	-
NHUM marketing	-	23,419
Other program funds	18,660	11,298
	<u>\$ 404,554</u>	<u>\$ 333,327</u>

NEW HOPE UGANDA MINISTRIES, INC.

Notes to Financial Statements

December 31, 2020 and 2019

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, 2020 and 2019 are:

	Year Ended December 31, 2020			
	Program Services	General and Administrative	Fundraising	Total
Grants and direct assistance	\$ 1,009,006	\$ -	\$ -	\$ 1,009,006
Salaries, benefits, and taxes	809,228	58,198	28,921	896,347
Office expenses	7,852	67,299	1,187	76,338
Travel expenses	38,698	5,897	2,121	46,716
Other expense	15,845	7,686	11,300	34,831
Printing and mailing	2,247	9,615	42	11,904
	\$ 1,882,876	\$ 148,695	\$ 43,571	\$ 2,075,142
	Year Ended December 31, 2019			
	Program Services	General and Administrative	Fundraising	Total
Grants and direct assistance	\$ 906,463	\$ -	\$ -	\$ 906,463
Salaries, benefits, and taxes	791,188	55,627	81,155	927,970
Office expenses	1,625	59,974	11,532	73,131
Travel expenses	72,136	1,032	22,922	96,090
Other expense	5,579	13,753	3,229	22,561
Printing and mailing	-	1,893	9,835	11,728
	\$ 1,776,991	\$ 132,279	\$ 128,673	\$ 2,037,943

NEW HOPE UGANDA MINISTRIES, INC.

Notes to Financial Statements

December 31, 2020 and 2019

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 \$999,000 and \$906,000, during the years ended December 31, 2020 and 2019, respectively. NHUM's contribution represents a major portion of the funds received by NGO. As of December 31, 2020 and 2019, amounts unconditionally granted to NGO and included within accounts payable on the statements of financial position totaled \$0 and \$116,924, respectively.

During the years ended December 31, 2020 and 2019, 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, 2020 and 2019, were approximately \$56,000 and \$108,000, respectively.

7. RISKS AND UNCERTAINTIES:

In March of 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. NHUM was forced to stop certain program activities and travel during the year ended December 31, 2020. A PPP loan was also obtained during the year ended December 31, 2020 (see Note 2, above). The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of NHUM for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

8. SUBSEQUENT EVENTS:

Subsequent to the year ended December 31, 2020, NHUM received a second PPP loan in the amount of \$44,302. Similar to the first PPP loan, the funds are eligible to be forgiven by the Small Business Association if NHUM meets qualifying conditions present in the loan agreement.

Subsequent events have been evaluated through May 21, 2021, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.