



**NEW HOPE UGANDA
MINISTRIES, INC.**

Financial Statements
With Independent Auditors' Report

December 31, 2022 and 2021

NEW HOPE UGANDA MINISTRIES, INC.

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of New Hope Uganda Ministries, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of New Hope Uganda Ministries, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about New Hope Uganda Ministries, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 New Hope Uganda Ministries, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New Hope Uganda Ministries, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Capin Crouse LLP

Colorado Springs, Colorado
May 31, 2023

NEW HOPE UGANDA MINISTRIES, INC.

Statements of Financial Position

	December 31,	
	2022	2021
ASSETS:		
Cash	\$ 1,085,178	\$ 962,363
Pledges receivable-net	2,987	14,025
Total Assets	<u>\$ 1,088,165</u>	<u>\$ 976,388</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 6,805	\$ 8,051
Paycheck Protection Program loan	-	44,302
Total liabilities:	<u>6,805</u>	<u>52,353</u>
Net assets:		
Without donor restrictions:		
Operating	613,158	397,978
Board designated funds	15,580	20,343
	<u>628,738</u>	<u>418,321</u>
With donor restrictions	452,622	505,714
Total net assets:	<u>1,081,360</u>	<u>924,035</u>
Total Liabilities and Net Assets	<u>\$ 1,088,165</u>	<u>\$ 976,388</u>

See notes to the financial statements

NEW HOPE UGANDA MINISTRIES, INC.

Statements of Activities

	Year Ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 259,249	\$ 718,975	\$ 978,224	\$ 356,613	\$ 1,059,842	\$ 1,416,455
Gain on extinguishment of debt	44,302	-	44,302	49,895	-	49,895
Program revenue	43	-	43	40	-	40
Total Support and Revenue	303,594	718,975	1,022,569	406,548	1,059,842	1,466,390
NET ASSETS RELEASED:						
Purpose restrictions	686,101	(686,101)	-	834,201	(834,201)	-
Administrative assessments	85,966	(85,966)	-	124,481	(124,481)	-
	<u>772,067</u>	<u>(772,067)</u>	<u>-</u>	<u>958,682</u>	<u>(958,682)</u>	<u>-</u>
EXPENSES:						
Program expenses	777,436	-	777,436	1,005,783	-	1,005,783
Supporting activities:						
General and administrative	79,443	-	79,443	128,373	-	128,373
Fundraising	8,365	-	8,365	19,929	-	19,929
	<u>87,808</u>	<u>-</u>	<u>87,808</u>	<u>148,302</u>	<u>-</u>	<u>148,302</u>
Total Expenses	865,244	-	865,244	1,154,085	-	1,154,085

(continued)

See notes to the financial statements

NEW HOPE UGANDA MINISTRIES, INC.

Statements of Activities
(continued)

	Year Ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Change in Net Assets	210,417	(53,092)	157,325	211,145	101,160	312,305
Net Assets, Beginning of Year	418,321	505,714	924,035	207,176	404,554	611,730
Net Assets, End of Year	\$ 628,738	\$ 452,622	\$ 1,081,360	\$ 418,321	\$ 505,714	\$ 924,035

See notes to the financial statements

NEW HOPE UGANDA MINISTRIES, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 157,325	\$ 312,305
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Gain on extinguishment of debt	(44,302)	(49,895)
Changes in operating assets and liabilities:		
Pledges receivable–net	11,038	3,361
Accounts payable	(1,246)	1,200
Net Cash Provided by Operating Activities	122,815	266,971
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	-	44,302
Net Cash Provided by Financing Activities	-	44,302
Net Change in Cash	122,815	311,273
Cash, Beginning of Year	962,363	651,090
Cash, End of Year	\$ 1,085,178	\$ 962,363
SUPPLEMENTAL AND NON-CASH DISCLOSURE:		
Non-cash forgiveness of Paycheck Protection Program loan	\$ 44,302	\$ 49,895

See notes to the financial statements

NEW HOPE UGANDA MINISTRIES, INC.

Notes to Financial Statements

December 31, 2022 and 2021

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, 2022 and 2021, NHUM had cash on deposit with financial institutions that exceeded the federally insured balance by approximately \$791,000 and \$673,000, respectively. NHUM has not experienced any losses in such accounts.

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 \$374 and \$4,774 was recorded as of December 31, 2022 and 2021, respectively. Management's estimate of uncollectible amounts was based upon analysis of historical collections.

NEW HOPE UGANDA MINISTRIES, INC.

Notes to Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PAYCHECK PROTECTION PROGRAM LOAN

During the years ended December 31, 2021 and 2020, NHUM received Paycheck Protection Program (PPP) loans in the amount of \$49,895 (the First Loan) and \$44,302 (the Second Loan), respectively. These loans were eligible for forgiveness up to the full amount loaned if various qualifying expenses set by the Small Business Administration (SBA), such as normal payroll costs, were incurred. NHUM received notices from the SBA for forgiveness of the full amount of the First Loan during the year ended December 31, 2021, and for forgiveness of the full amount of the Second Loan during the year ended December 31, 2022. Forgiveness has been reported as gain on extinguishment of debt in the statements of activities.

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.

Gain on extinguishment of debt consists of PPP loan forgiveness, which is recognized in the periods when NHUM received notices of forgiveness.

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, 2022 and 2021, there were no accounts receivable or deferred revenue recorded by NHUM. As of December 31, 2022 and 2021, NHUM had no obligation to provide refunds for canceled events.

Expenses are recognized when an obligation is incurred.

NEW HOPE UGANDA MINISTRIES, INC.

Notes to Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ADVERTISING

NHUM advertises to promote awareness of its ministry. Advertising costs are expensed as incurred. For the years ended December 31, 2022 and 2021, advertising costs were \$1,878 and \$4,417, respectively.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects NHUM's financial assets as of December 31, 2022 and 2021, 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,	
	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 1,085,178	\$ 962,363
Pledges receivable-net	<u>2,987</u>	<u>14,025</u>
	<u>1,088,165</u>	<u>976,388</u>
Less those unavailable for general expenditure within one year, due to:		
Board designated funds for missionary care	(8,580)	(20,343)
Project funds not expected to be used within one year	<u>(67,672)</u>	<u>(140,521)</u>
	<u>(76,252)</u>	<u>(160,864)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,011,913</u>	<u>\$ 815,524</u>

NEW HOPE UGANDA MINISTRIES, INC.

Notes to Financial Statements

December 31, 2022 and 2021

4. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	December 31,	
	2022	2021
Sponsorship	\$ 185,751	\$ 165,650
Missionaries	74,925	134,468
Kobwin	49,507	47,023
Kasana	40,533	19,221
Other program funds	36,738	44,841
Housing	31,992	31,992
Infrastructure	30,189	30,189
Time restricted	2,987	14,025
Orphan care	-	18,305
	<u>\$ 452,622</u>	<u>\$ 505,714</u>

NEW HOPE UGANDA MINISTRIES, INC.

Notes to Financial Statements

December 31, 2022 and 2021

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 presented by natural classification are as follows:

	Year Ended December 31, 2022			
	Program Services	Supporting Activities:		Total
		General and Administrative	Fundraising	
Grants and direct assistance	\$ 408,428	\$ -	\$ -	\$ 408,428
Salaries, benefits, and taxes	314,926	31,986	8,031	354,943
Office expenses	11,674	47,101	211	58,986
Travel expenses	34,099	11	11	34,121
Other expense	7,371	255	-	7,626
Printing and mailing	938	90	112	1,140
	\$ 777,436	\$ 79,443	\$ 8,365	\$ 865,244
	Year Ended December 31, 2021			
	Program Services	Supporting Activities:		Total
		General and Administrative	Fundraising	
Grants and direct assistance	\$ 452,406	\$ -	\$ -	\$ 452,406
Salaries, benefits, and taxes	483,864	42,213	17,049	543,126
Office expenses	2,740	83,858	657	87,255
Travel expenses	53,353	626	1,967	55,946
Other expense	12,224	1,471	-	13,695
Printing and mailing	1,196	205	256	1,657
	\$ 1,005,783	\$ 128,373	\$ 19,929	\$ 1,154,085

NEW HOPE UGANDA MINISTRIES, INC.

Notes to Financial Statements

December 31, 2022 and 2021

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 \$408,000 and \$446,000 during the years ended December 31, 2022 and 2021, respectively. NHUM's contribution represents a major portion of the funds received by NGO.

During the years ended December 31, 2022 and 2021, 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, 2022 and 2021, were approximately \$166,000 and \$199,000, respectively.

7. CONCENTRATION RISK:

During the years ended December 31, 2022 and 2021, NHUM received donations from the five largest donors of approximately \$194,000 and \$272,000, respectively. These amounts represent approximately 20% and 19% of total revenue for the years ended December 31, 2022 and 2021, respectively.

8. 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 world. 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 years ended December 31, 2022 and 2021. Two PPP loans were also obtained during the years ended December 31, 2021 and 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.

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through May 31, 2023, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.