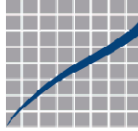

GLOBAL HOPE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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BiggsKofford

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Trustees
Global Hope, Inc.
Broomfield, Colorado

Management is responsible for the accompanying financial statements of Global Hope, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed the compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

BiggsKofford, P.C.

Colorado Springs, Colorado
October 31, 2019

GLOBAL HOPE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Cash and equivalents	\$ 34,813	\$ 42,904
Investments	31,767	57,102
Prepaid expenses	1,966	3,716
Total assets	\$ 68,546	\$ 103,722
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 640	\$ 312
Total liabilities	640	312
Net assets:		
Without donor restriction		
Board designated - emergency funds	7,665	50,757
Undesignated	59,517	46,532
Total without donor restriction	67,182	97,289
With donor restriction	724	6,121
Total net assets	67,906	103,410
Total liabilities and net assets	\$ 68,546	\$ 103,722

See accompanying notes and independent accountant's compilation report.

GLOBAL HOPE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Contributions	\$ 310,832	\$ -	\$ 310,832
Events, net of expenses	94,296	-	94,296
Investment income, net	968	-	968
Total support and revenue	406,096	-	406,096
<u>RECLASSIFICATIONS</u>			
Satisfaction of program restrictions	5,397	(5,397)	-
<u>EXPENSES</u>			
Program expenses:			
Romania operations	143,943	-	143,943
Kenya operations	107,059	-	107,059
India operations	84,229	-	84,229
Special fund expense	7,899	-	7,899
Mission team expense	11,968	-	11,968
Total program expenses	355,097	-	355,097
Support services:			
General and administrative	16,969	-	16,969
Fundraising	69,534	-	69,534
Total support services	86,503	-	86,503
Total expenses	441,600	-	441,600
Change in net assets	(30,107)	(5,397)	(35,504)
Net assets, beginning of year	97,289	6,121	103,410
Net assets, end of year	<u>\$ 67,182</u>	<u>\$ 724</u>	<u>\$ 67,906</u>

See accompanying notes and independent accountant's compilation report.

GLOBAL HOPE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Contributions	\$ 254,790	\$ 5,900	\$ 260,690
Events, net of expenses	107,595	-	107,595
Investment loss, net	5,177	-	5,177
Total support and revenue	<u>367,562</u>	<u>5,900</u>	<u>373,462</u>
<u>RECLASSIFICATIONS</u>			
Satisfaction of program restrictions	<u>1,640</u>	<u>(1,640)</u>	<u>-</u>
<u>EXPENSES</u>			
Program expenses:			
Romania operations	138,753	-	138,753
Kenya operations	99,064	-	99,064
India operations	79,281	-	79,281
College fund expense	4,082	-	4,082
Medical fund expense	5,430	-	5,430
Total program expenses	<u>326,610</u>	<u>-</u>	<u>326,610</u>
Support services:			
General and administrative	38,311	-	38,311
Fundraising	46,992	-	46,992
Total support services	<u>85,303</u>	<u>-</u>	<u>85,303</u>
Total expenses	<u>411,913</u>	<u>-</u>	<u>411,913</u>
Change in net assets	(42,711)	4,260	(38,451)
Net assets, beginning of year	<u>140,000</u>	<u>1,861</u>	<u>141,861</u>
Net assets, end of year	<u>\$ 97,289</u>	<u>\$ 6,121</u>	<u>\$ 103,410</u>

See accompanying notes and independent accountant's compilation report.

GLOBAL HOPE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (35,504)	\$ (38,451)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gain on investments	(975)	(4,645)
Contributed marketable securities	-	(11,898)
(Increase) decrease in operating assets:		
Accounts receivable	-	12,590
Prepaid expenses	1,750	(1,966)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	328	(188)
Net cash used in operating activities	<u>(34,401)</u>	<u>(44,558)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from the sale of investments	<u>26,310</u>	<u>-</u>
Net cash provided by investing activities	<u>26,310</u>	<u>-</u>
Net decrease in cash and equivalents	<u>(8,091)</u>	<u>(44,558)</u>
Cash and equivalents, beginning of year	<u>42,904</u>	<u>87,462</u>
Cash and equivalents, end of year	<u>\$ 34,813</u>	<u>\$ 42,904</u>

See accompanying notes and independent accountant's compilation report.

GLOBAL HOPE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	<u>Total</u>	<u>Program</u>	<u>G & A</u>	<u>Fundraising</u>
Grants to foreign organizations:				
Romania	\$ 122,173	\$ 122,173	\$ -	\$ -
Kenya	90,868	90,868	-	-
India	71,490	71,490	-	-
Special Funds	6,704	6,704	-	-
Mission Teams	10,158	10,158	-	-
Salaries and wages	90,567	32,486	350	57,731
Employee benefits	-	-	-	-
Payroll taxes	6,914	2,480	27	4,407
Accounting	9,195	-	9,195	-
Advertising and promotion	5,545	-	-	5,545
Office expenses	2,464	641	1,823	-
Information technology	6,295	5,036	1,259	-
Travel	8,687	6,836	-	1,851
Insurance	1,698	-	1,698	-
Other	8,842	6,225	2,617	-
Total	<u>\$ 441,600</u>	<u>\$ 355,097</u>	<u>\$ 16,969</u>	<u>\$ 69,534</u>

See accompanying notes and independent accountant's compilation report.

GLOBAL HOPE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	<u>Total</u>	<u>Program</u>	<u>G & A</u>	<u>Fundraising</u>
Grants to foreign organizations:				
Romania	\$ 115,233	\$ 115,233	\$ -	\$ -
Kenya	77,857	77,857	-	-
India	64,874	64,874	-	-
Special Funds	2,827	2,827	-	-
Mission Teams	5,430	5,430	-	-
Salaries and wages	89,658	48,506	1,658	39,494
Employee benefits	2,568	-	2,568	-
Payroll taxes	6,859	3,711	127	3,021
Accounting	8,600	-	8,600	-
Advertising and promotion	5,990	-	5,990	-
Office expenses	815	-	815	-
Information technology	5,642	-	5,642	-
Travel	17,189	8,172	4,540	4,477
Insurance	1,738	-	1,738	-
Other	6,633	-	6,633	-
Total	<u>\$ 411,913</u>	<u>\$ 326,610</u>	<u>\$ 38,311</u>	<u>\$ 46,992</u>

See accompanying notes and independent accountant's compilation report.

GLOBAL HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

1. ORGANIZATION

Global Hope, Inc. (the "Organization") was incorporated as a Colorado nonprofit corporation in 1996. The Organization's primary purpose is to provide charitable, religious and educational support to orphans in foreign countries.

The Organization equips their mission partners with the appropriate resources, education, mentoring, and financial support to effectively care for abandoned, orphaned, and at-risk children. The Organization also facilitates relationships with other organizations that can assist their mission partners in their ministry. Their goal is to help the mission partners achieve long-term sustainability.

2. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of presentation

Under US GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction, which represent the expendable resources that are available for operations at management's discretion; and net assets with donor restrictions, which represents resources restricted by donors as to purpose or by the passage of time.

Cash and equivalents

For purposes of the statement of cash flows, the Organization considers cash and all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash and equivalents.

See independent accountant's compilation report.

GLOBAL HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contribution revenue

In accordance with US GAAP, contributions received are recorded without donor restrictions or with donor restrictions, depending on the existence and/or nature of donor restrictions, if applicable.

Contribution revenue is recognized when cash is received, when unconditional promises are made, or when ownership of contributed assets is transferred to the Organization. Donor-restricted contributions with restrictions that are met in the same reporting period as the contribution is recognized as support without donor restrictions.

Functional expenses

The costs of providing various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Expenses are recorded when costs are incurred. Salaries and wages and payroll taxes are allocated based an estimate of time and effort spent working in each department during the year. Any costs that could be directly assigned to a specific function are allocated to that function.

Financial instruments

The Organization's financial instruments are cash and equivalents, investments and accounts payable and accrued expenses and are recorded at values that approximate their fair values based on their short-term nature.

Income taxes

Global Hope, Inc. is exempt from income taxes under Internal Revenue Code ("Code") Section 501(c)(3).

The Organization evaluates the effect of uncertain tax positions, if any, and provides for those positions in accordance with the provisions of *FASB ASC 450, Contingencies*. No tax accrual for uncertain tax positions has been recorded as management believes there are no uncertain tax positions for the Organization.

See independent accountant's compilation report.

GLOBAL HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent events

Management has evaluated subsequent events through the date of the attached independent accountant's compilation report, the date on which the financial statements were available to be issued.

Accounting pronouncements adopted

In 2018 the Organization adopted ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, and (f) modifying other consolidated financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

See independent accountant's compilation report.

GLOBAL HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following on December 31:

	2018	2017
Cash and equivalents	\$ 34,813	\$ 42,904
Investments	31,767	57,102
Total financial assets	66,580	100,006
Less amounts unavailable for general expenditures within one year due to:		
Donor restrictions	(724)	(6,121)
Financial assets available to meet cash needs for general expenditures within one year	\$ 65,856	\$ 93,885

As part of the organization's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months in the table above, the Organization also operates in accordance with a board approved budget and anticipates collecting sufficient revenue to cover general expenditures.

4. DISCLOSURE ABOUT FAIR VALUE OF ASSETS AND LIABILITIES

US GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Therefore, the term "price" refers to the exit price as opposed to the entry price, which is the price paid to acquire the asset or received to assume the liability. US GAAP also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identifiable assets or liabilities.

See independent accountant's compilation report.

GLOBAL HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

4. DISCLOSURE ABOUT FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Investments

The Organization invests in various mutual funds, exchange-traded funds and stocks. Because quoted market prices are available for identical securities in an active market, these securities are classified within Level 1 of the valuation hierarchy.

Fair value measurements of assets recognized in the accompanying financial statements, measured at fair value on a recurring basis, consist of the following as of:

	December 31, 2018		
	Level 1	Level 2	Level 3
Mutual funds	\$ 31,767	\$ -	\$ -
	December 31, 2017		
	Level 1	Level 2	Level 3
Mutual funds	\$ 31,392	\$ -	\$ -
Exchange-traded funds	14,224	-	-
Stocks	11,486	-	-
Total	\$ 57,102	\$ -	\$ -

See independent accountant's compilation report.

GLOBAL HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of the following as of December 31:

	2018	2017
DJ Atkinson Fund	\$ 486	\$ 746
Education Fund	238	156
Kenya Fund	-	5,219
	\$ 724	\$ 6,121

6. FOREIGN PROGRAMS

The Organization provides monthly operations funding for the missions in Romania, Kenya, and India. Their commitments fluctuate from month to month and are impacted by currency exchange rates. The reasons for the large difference between program expenses in Romania, Kenya and India is due to large cost of living differences between the countries and the fact that in Romania, the Organization is the primary funding source that includes mission staff for Ana's House, and support of foster families in Arad, Romania. The Organization's mission is to partner with the local church and leaders to support their fund raising efforts and to create opportunities for improved self-sufficiency.

7. DONATED SERVICES

The value of donated services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time to the Organization's programs.

8. CONCENTRATIONS

For the years ended December 31, 2018 and 2017, one donor accounted for approximately 26% and 16% of total contributions, respectively.

See independent accountant's compilation report.