

# HOPE INTERNATIONAL

## *CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS*

DECEMBER 31, 2020 AND 2019

# HOPE INTERNATIONAL

## ***TABLE OF CONTENTS***

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	<b><u>Page</u></b>
<b>REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS</b>	1-2
<b>FINANCIAL STATEMENTS</b>	
<i>Consolidated Statements of Financial Position,</i> December 31, 2020 and 2019	3
<i>Consolidated Statement of Activities,</i> Year ended December 31, 2020 with Summarized Information for 2019	4
<i>Consolidated Statements of Changes in Net Assets Without Donor Restrictions,</i> Years ended December 31, 2020 and 2019	5
<i>Consolidated Statements of Functional Expenses,</i> Year ended December 31, 2020	6
Year ended December 31, 2019	7
<i>Consolidated Statements of Cash Flows,</i> Years ended December 31, 2020 and 2019	8
<i>Notes to Consolidated Financial Statements</i>	9-26
<b>SUPPLEMENTAL INFORMATION</b>	
<i>Consolidating Statement of Financial Position,</i> December 31, 2020 with Summarized Information for 2019	27
<i>Consolidating Statement of Activities,</i> Year ended December 31, 2020 with Summarized Information for 2019	28

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**Board of Directors  
HOPE International  
Lancaster, Pennsylvania**

We have audited the accompanying consolidated financial statements of HOPE International (a nonprofit organization) which comprise the consolidated statements of financial position as of December 31, 2020, and the related consolidated statements of activities, changes in net assets without donor restriction, functional expenses and cash flows for the year 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 consolidated 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of HOPE Congo or Urwego Bank PLC subsidiaries, which statements reflect total assets of \$29,326,118 as of December 31, 2020 and total support and revenues of \$6,595,398 for the year then ended. Those statements, which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, were audited by other auditors, whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of HOPE Congo and Urwego Bank PLC, which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for HOPE Congo and Urwego Bank PLC, prior to these conversion adjustments, is based solely on the report of the other auditors. Those statements were audited by other auditors in accordance with International Auditing Standards, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for HOPE Congo and Urwego Bank PLC, is based solely on the report of, and additional audit procedures to meet the relevant requirements of auditing standards generally accepted in the United States of America performed by, the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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  
HOPE International  
Lancaster, Pennsylvania**

### **Opinion**

In our opinion, based on our audit and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of HOPE International as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited HOPE International's 2019 consolidated financial statements, and our report dated June 12, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental consolidating statement of financial position and consolidating statement of activities, on pages 27 and 28, are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Tait, Weller & Baker LLP*

**Philadelphia, Pennsylvania  
June 9, 2021**

# HOPE INTERNATIONAL

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2020 And 2019

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents		
Cash held in the US	\$ 822,312	\$ 915,328
Cash held in the field	10,093,689	8,158,976
Contribution receivable	1,672,858	3,067,111
Short-term investments	10,551,131	3,396,849
Microfinance loans receivable, net	19,135,459	21,898,450
Loans receivable, net	271,269	290,000
Interest receivable	211,645	182,766
Other receivables	638,112	516,925
Prepaid expenses and other assets	<u>785,995</u>	<u>856,060</u>
<b>Total Current Assets</b>	44,182,470	39,282,465
<b>NONCURRENT ASSETS</b>		
Investments	10,107,759	8,970,950
Property and equipment, net	4,643,163	1,988,214
Other long-term assets	107,680	144,032
Loans receivable, net	<u>686,714</u>	<u>60,000</u>
<b>Total Assets</b>	<u>\$59,727,786</u>	<u>\$50,445,661</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 2,021,184	\$ 1,623,983
Interest payable	28,438	19,379
Unearned revenue	486,937	748,544
Notes payable	1,139,828	904,497
Client deposits	18,612,572	18,432,767
Security deposits and other liabilities	<u>-</u>	<u>5,120</u>
<b>Total Current Liabilities</b>	<u>22,288,959</u>	<u>21,734,290</u>
<b>NOTE PAYABLE</b>	<u>2,446,136</u>	<u>-</u>
<b>Total Liabilities</b>	<u>24,735,095</u>	<u>21,734,290</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Net assets	25,334,341	20,069,453
Board-designated for endowment and operating reserve	3,912,517	2,952,179
Noncontrolling interest	<u>1,111,947</u>	<u>1,155,942</u>
<b>Total Net Assets Without Donor Restrictions</b>	30,358,805	24,177,574
Net assets with donor restrictions	<u>4,633,886</u>	<u>4,533,797</u>
<b>Total Net Assets</b>	<u>34,992,691</u>	<u>28,711,371</u>
<b>Total Liabilities and Net Assets</b>	<u>\$59,727,786</u>	<u>\$50,445,661</u>

# HOPE INTERNATIONAL

## CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2020 With Summarized Information For 2019

	Without Donor Restrictions	With Donor Restrictions	Total	2019
<b>SUPPORT AND REVENUE</b>				
Contributions and grants	\$12,803,101	\$ 6,906,559	\$19,709,660	\$16,207,183
Contribution – rental property	3,275,000	-	3,275,000	-
Special events, net of direct expenses of \$276,992 and \$630,510 for 2020 and 2019	3,292,026	30,473	3,322,499	3,414,582
Investment return on endowment funds designated for current operations	19,876	115,450	135,326	112,357
Interest income – microfinance loans	7,501,005	-	7,501,005	8,732,875
Other investment income	346,010	-	346,010	474,219
Rental revenue	273,007	-	273,007	47,788
Less expenses (including depreciation)	<u>(102,240)</u>	<u>-</u>	<u>(102,240)</u>	<u>(36,567)</u>
Net rental income	<u>170,767</u>	<u>-</u>	<u>170,767</u>	<u>11,221</u>
Other income	<u>224,243</u>	<u>-</u>	<u>224,243</u>	<u>264,664</u>
<b>Total support and revenue before net assets released from restrictions</b>	27,632,028	7,052,482	34,684,510	29,217,101
Net assets released from restrictions	<u>7,019,722</u>	<u>(7,019,722)</u>	<u>-</u>	<u>-</u>
<b>Total support and revenue</b>	<u>34,651,750</u>	<u>32,760</u>	<u>34,684,510</u>	<u>29,217,101</u>
<b>FUNCTIONAL EXPENSES</b>				
Program services	23,294,300	-	23,294,300	22,416,732
Management and general	2,320,003	-	2,320,003	2,016,267
Fundraising	<u>2,374,522</u>	<u>-</u>	<u>2,374,522</u>	<u>2,307,803</u>
<b>Total expenses</b>	<u>27,988,825</u>	<u>-</u>	<u>27,988,825</u>	<u>26,740,802</u>
<b>Excess of revenues over expenses</b>	<u>6,662,925</u>	<u>32,760</u>	<u>6,695,685</u>	<u>2,476,299</u>
<b>OTHER CHANGES</b>				
Investment return on endowment funds in excess of amounts designated for current operations	192,363	67,329	259,692	554,171
Net realized gain on foreign currency transactions	315,479	-	315,479	180,167
Gain (loss) on foreign currency translation	(960,963)	-	(960,963)	20,462
Loss on disposal of assets	<u>(28,573)</u>	<u>-</u>	<u>(28,573)</u>	<u>-</u>
<b>Total other changes</b>	<u>(481,694)</u>	<u>67,329</u>	<u>(414,365)</u>	<u>754,800</u>
<b>CHANGE IN NET ASSETS BEFORE PURCHASE OF EQUITY INTERESTS</b>	6,181,231	100,089	6,281,320	3,231,099
Equity contribution by noncontrolling shareholder	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
<b>CHANGE IN NET ASSETS</b>	6,181,231	100,089	6,281,320	3,281,099
<b>NET ASSETS</b>				
Beginning of year	<u>24,177,574</u>	<u>4,533,797</u>	<u>28,711,371</u>	<u>25,430,272</u>
End of year	<u>\$30,358,805</u>	<u>\$ 4,633,886</u>	<u>\$34,992,691</u>	<u>\$28,711,371</u>

The accompanying notes are an integral part of these financial statements.

# HOPE INTERNATIONAL

## ***CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS***

**Years Ended December 31, 2020 And 2019**

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	<u>HOPE</u>	<u>Non-Controlling Interest In Microfinance Entities</u>	<u>Total</u>
Net assets without donor restrictions, December 31, 2018	\$ 20,221,452	\$ 1,043,906	\$ 21,265,358
Equity contribution by noncontrolling shareholder	-	50,000	50,000
Excess of revenues over expenses	<u>2,800,180</u>	<u>62,036</u>	<u>2,862,216</u>
Change in net assets without donor restrictions	<u>2,800,180</u>	<u>112,036</u>	<u>2,912,216</u>
Net assets without donor restrictions, December 31, 2019	23,021,632	1,155,942	24,177,574
Excess (deficit) of revenues over expenses	<u>6,225,226</u>	<u>(43,995)</u>	<u>6,181,231</u>
Change in net assets without donor restrictions	<u>6,225,226</u>	<u>(43,995)</u>	<u>6,181,231</u>
Net assets without donor restrictions, December 31, 2020	<u>\$ 29,246,858</u>	<u>\$ 1,111,947</u>	<u>\$ 30,358,805</u>

# HOPE INTERNATIONAL

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020

	Program Services			Management And		
	Overseas	United States	Total	General	Fundraising	Total
	Entities	Entities				
Salaries	\$ 6,063,554	\$3,058,456	\$ 9,122,010	\$ 1,297,363	\$ 1,238,043	\$ 11,657,416
Payroll taxes	579,651	221,966	801,617	92,906	87,910	982,433
Employee benefits	515,168	835,439	1,350,607	369,349	319,239	2,039,195
Other staff expenses	269,312	243,347	512,659	159,548	77,403	749,610
Insurance	52,742	16,787	69,529	3,827	427	73,783
Professional services	720,954	780,644	1,501,598	174,906	118,995	1,795,499
Office expenses	1,896,686	240,538	2,137,224	49,869	80,986	2,268,079
Marketing	-	17,373	17,373	57,811	230,168	305,352
Travel	487,148	119,313	606,461	9,476	44,560	660,497
Finance expenses – interest and fees	577,559	17,942	595,501	83,657	1,566	680,724
Depreciation	450,803	106,531	557,334	1,856	2,318	561,508
Printing and reproduction	112,072	1,645	113,717	685	147,532	261,934
Loan loss reserve/(recapture), net	1,688,258	112,697	1,800,955	-	-	1,800,955
Other expenses	187,814	8,403	196,217	18,750	25,375	240,342
Grants to partners	1,724,219	1,766,261	3,490,480	-	-	3,490,480
Tax expense, net	421,018	-	421,018	-	-	421,018
	<u>\$15,746,958</u>	<u>\$7,547,342</u>	<u>\$23,294,300</u>	<u>\$ 2,320,003</u>	<u>\$ 2,374,522</u>	<u>\$ 27,988,825</u>



# HOPE INTERNATIONAL

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES – (Continued)

Year Ended December 31, 2019

	Program Services			Management And		
	Overseas	United States	Total	General	Fundraising	Total
	Entities	Entities				
Salaries	\$ 5,928,268	\$3,002,169	\$ 8,930,437	\$ 1,153,458	\$ 1,203,792	\$ 11,287,687
Payroll taxes	538,879	239,571	778,450	95,436	94,463	968,349
Employee benefits	455,451	709,022	1,164,473	302,785	303,411	1,770,669
Other staff expenses	517,007	451,189	968,196	134,476	92,976	1,195,648
Insurance	48,425	15,587	64,012	3,559	305	67,876
Professional services	679,607	910,703	1,590,310	132,986	93,600	1,816,896
Office expenses	2,307,780	261,923	2,569,703	56,899	72,335	2,698,937
Marketing	-	8,663	8,663	5,450	195,717	209,830
Travel	714,772	565,846	1,280,618	26,485	95,936	1,403,039
Finance expenses – interest and fees	557,970	8,260	566,230	81,323	222	647,775
Depreciation	479,873	127,683	607,556	3,379	8,286	619,221
Printing and reproduction	138,680	4,506	143,186	33	119,479	262,698
Loan loss reserve/(recapture), net	207,766	(33,333)	174,433	-	-	174,433
Other expenses	333,370	34,873	368,243	19,998	27,281	415,522
Grants to partners	1,968,619	1,097,467	3,066,086	-	-	3,066,086
Tax expense, net	136,136	-	136,136	-	-	136,136
	<u>\$15,012,603</u>	<u>\$7,404,129</u>	<u>\$22,416,732</u>	<u>\$ 2,016,267</u>	<u>\$ 2,307,803</u>	<u>\$ 26,740,802</u>

The accompanying notes are an integral part of these financial statements.

# HOPE INTERNATIONAL

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2020 And 2019

	<u>2020</u>	<u>2019</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 6,281,320	\$ 3,281,099
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gain on investments	(63,450)	(456,471)
Loan loss (recapture) reserve, net	1,784,175	(437,703)
Depreciation	643,675	635,219
Loss (gain) on disposal of fixed assets	28,574	(18,641)
Contributions restricted for endowment	(990)	(7,190)
Contributions of investments	(72,142)	-
Contributions of land and building	(3,275,000)	-
Equity contribution from noncontrolling shareholder	-	(50,000)
(Increase) decrease in operating assets		
Contributions receivable	1,394,253	(427,377)
Interest receivable	(28,879)	(44,403)
Other receivables	(121,187)	(6,671)
Prepaid expenses and other assets	70,065	414,445
Other long-term assets	36,352	74,441
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	397,201	(39,561)
Interest payable	9,059	(4,061)
Unearned revenue	(261,607)	(393,851)
Client deposits	179,805	(85,187)
Security deposits and other liabilities	(5,120)	(495)
<b>Net cash provided by operating activities</b>	<u>6,996,104</u>	<u>2,433,593</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(556,558)	(441,864)
Proceeds from sale of fixed assets	504,360	21,320
Purchase of investments	(12,767,992)	(801,114)
Proceeds from sale of investments	4,612,493	4,096,618
Repayment (issuance) of microfinance loans, net	1,091,513	(2,945,905)
Issuance of notes receivable	(1,050,680)	-
Repayment of notes receivable	<u>330,000</u>	<u>166,667</u>
<b>Net cash (used in) provided by investing activities</b>	<u>(7,836,864)</u>	<u>95,722</u>
<b>FINANCING ACTIVITIES</b>		
Issuance of notes payable, net	2,681,467	95,871
Contributions restricted for endowments	990	7,190
Equity contribution from noncontrolling shareholder	<u>-</u>	<u>50,000</u>
<b>Net cash provided by financing activities</b>	<u>2,682,457</u>	<u>153,061</u>
<b>Net increase in cash and cash equivalents</b>	1,841,697	2,682,376
<b>CASH AND CASH EQUIVALENT</b>		
Beginning of year	<u>9,074,304</u>	<u>6,391,928</u>
<b>End of year</b>	<u>\$ 10,916,001</u>	<u>\$ 9,074,304</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	<u>\$ 267,658</u>	<u>\$ 274,854</u>

The accompanying notes are an integral part of these financial statements.

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 And 2019

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### (1) NATURE OF ORGANIZATION

HOPE International ("**HI**") is a global, faith-based, 501(c)(3) non-profit organization focused on alleviating poverty through microenterprise development. HI's vision is to enable sustainable economic development that results in significant and lasting change in the lives of people living in poverty. HI accomplishes this vision by providing discipleship, biblically based business training, savings services, and small loans to families in poverty and by actively partnering with local churches. HI was incorporated in 1996 and through its network currently serves in Burundi, the Dominican Republic, East Asia, Haiti, Malawi, Moldova, Paraguay, Peru, Philippines, the Republic of Congo, Romania, Rwanda, South Asia, Ukraine, Zambia and Zimbabwe. HI has a branch office in Rwanda.

HI raises funds from several sources such as churches, foundations, and individuals to support its programs. In addition, HI offers multiple HOPE Trip opportunities each year.

HI has a controlling interest in the following subsidiaries:

Higher Impact Properties, LLC ("**HIP**"), a Pennsylvania limited liability corporation, manages rental properties which HI has acquired or received as donations. These sources of funds contribute to HOPE's work around the world.

HOPE Global Investments, LLC ("**HGI**") is incorporated as a limited liability corporation in the state of Delaware. The mission of HGI is to support microenterprise development through offering unsecured notes to accredited investors to leverage lending activities in established microfinance institutions. HGI commenced operations in 2019.

Superior Land, LLC is ("**SL**") is incorporated as a limited liability corporation in the state of Delaware. SL manages a large rental property that was received as a donation. The proceeds contribute to HOPE's work around the world.

HOPE Advancement, Inc. ("**HA**") is incorporated as a not-for-profit in the state of Delaware and is a 501(c)(3) organization. HA was created for the purpose of holding investments in microfinance entities and savings group programs ("**SGP**"). A description of the type of legal entity and the percentage of HA's ownership interest in the microfinance entities and SGP included in the consolidation is as follows:

- (i) HOPE Congo is a wholly owned microfinance institution registered in the Republic of Congo as a for-profit public limited company and is registered with the Central African Bank Commission.
- (ii) HOPE Ukraine is a majority-owned (81.87%) microfinance institution registered in Ukraine as a Finance Company, a for-profit limited liability company, with the Ukraine State Regulatory Committee of Markets of Financial Services. HOPE Ukraine is controlled through equity holdings held directly by HA and two non-profits based in Uzhgorod and Zaporozhe, Ukraine, which HA controls.

Dignity Builders, a subsidiary of Homes for Hope (**Note 12**), has a noncontrolling interest in HOPE Ukraine of 9.57% and 9.81% as of December 31, 2020 and 2019, respectively. In 2019, Dignity Builders made an equity contribution of \$50,000 to HOPE Ukraine. Tomorrow Clubs International (**Note 12**), using funds borrowed from HA, has a noncontrolling interest in HOPE Ukraine of 8.56% and 8.93% as of December 31, 2020 and 2019, respectively.

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

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- (iii) Turame Community Finance S.A. (**“Turame”**) is a majority-owned (51%) microfinance institution registered in Burundi as a for-profit public limited company and is regulated by the Bank of the Republic of Burundi.
- (iv) Urwego Bank PLC (**“Urwego”**) is a majority-owned (99.69%) microfinance institution registered in Rwanda as a for-profit public limited company and is regulated by the National Bank of Rwanda.
- (v) HOPE Burundi SGP is a wholly owned entity registered in Burundi as a non-governmental organization which provides training and oversight in the creation and execution of savings and credit associations in Burundi.
- (vi) HOPE Zambia SGP is a wholly owned entity registered in Zambia as a non-governmental organization which provides training and oversight in the creation and execution of savings and credit associations in Zambia.
- (vii) HOPE Haiti SGP is a wholly owned entity registered in Haiti as a non-governmental organization which provides training and oversight in the creation and execution of savings and credit associations in Haiti.
- (viii) HOPE Hong Kong is a wholly owned entity registered in Hong Kong as a non-governmental organization which raises funds from several sources such as churches, foundations, and individuals to support programs in HI’s network.
- (ix) HOPE Distributed Services Ltd. (**“DSU”**) is a wholly owned entity registered in Rwanda as a for-profit limited company which provides IT support, professional services and consulting to HOPE’s various programs and partners around the region and world.
- (x) HOPE Zimbabwe SGP is a wholly owned entity registered in Zimbabwe as a non-governmental organization which provides training and oversight in the creation and execution of savings and credit associations in Zimbabwe.
- (xi) HOPE Malawi SGP is a wholly owned entity registered in Malawi as a non-governmental organization which provides training and oversight in the creation and execution of savings and credit associations in Malawi. HOPE Malawi commenced operations as a registered non-governmental organization in 2019. Prior to 2019, HOPE Malawi operated as a branch of HI.

The consolidated financial statements include the accounts of HI, HIP, HGI, HA and SL (collectively **“HOPE”**).

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

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### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***BASIS OF ACCOUNTING AND PRESENTATION***

The financial statements of HOPE have been prepared on the accrual basis of accounting. All material intercompany accounts and transactions have been eliminated.

#### ***CASH AND CASH EQUIVALENTS***

HOPE considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents, except for money market funds or certificates of deposit which have been designated for long-term investment, including those funds reflected as board-designated endowment on the Statement of Position.

#### ***INVESTMENTS***

Marketable securities are stated at their market value.

#### ***LOANS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS***

Loans receivable represent monies loaned to microfinance organizations in developing countries for the purpose of lending monies to individuals and business owners. These loans are unsecured. HOPE uses the allowance method to account for uncollectible receivables. An allowance for estimated loan losses is based on management's estimates of the ability of the microfinance organizations to repay, current economic conditions and historical information.

#### ***MICROFINANCE ENTERPRISE LOANS***

Microfinance loans receivable are carried at their estimated collectible amounts. Interest income on loans receivable is recognized using the interest method. Interest income on impaired loans is recognized as cash is collected.

Microfinance loans receivable are periodically evaluated for collectibility based on past credit history with clients and their current financial condition. Provisions for losses on loans receivable are determined on the basis of loss experience, known and inherent risks in the loan portfolio, and current economic conditions. Management believes that these allowances are adequate for loan losses inherent in the loan portfolio. Loans are written off when the loan is 180 days delinquent or sooner if, in management's judgment, there is no prospect of recovery. Urwego and Turame are exceptions to this policy, writing off loans once the loan is 365 and 730 days delinquent, respectively, or sooner, if in management's judgement, there is no prospect of recovery. These exceptions are based on local regulations.

A loan is considered impaired when it is probable that all principal and interest amounts due will not be collected in accordance with the loan's contractual terms. Impairment is recognized by allocating a portion of the allowance for loan losses to such a loan to the extent that the recorded investment of an impaired loan exceeds its value. Allocations on impaired loans are considered in relation to the overall adequacy of the allowance for loan losses, and adjustments are made to the provision for loan losses as deemed necessary.

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

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### **PROPERTY AND EQUIPMENT**

Expenditures in the United States greater than \$3,000 for the acquisition of property and equipment are capitalized at cost, and donated property and equipment are capitalized at fair value. Expenditures at HOPE's foreign operations are capitalized at differing levels depending on local statutory regulations. All depreciation is computed on the straight-line method over the estimated useful lives of the assets which range from 3 to 30 years.

### **NET ASSETS**

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. All contributions are considered available for unrestricted use, unless specifically restricted by the donor. Accordingly, net assets of HOPE and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions** – Net assets available for use that are not subject to donor-imposed stipulations.

The Board of Directors designated \$3,912,517 and \$2,952,179 of funds for investment as of December 31, 2020 and 2019, respectively (**Note 1f**). The investment income on board-designated endowment funds is to be used for operations.

**Net Assets With Donor Restrictions** – Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed stipulations are perpetual in nature where the donor stipulated that they be maintained in perpetuity by HOPE. Those held in perpetuity include gifts for the HI Loan Endowment (**Note 1f**).

### **INCOME TAXES**

HOPE is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a).

Management has reviewed the tax positions for each of the open tax years (2017 – 2019) as well as the expected position of HOPE's 2020 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

HOPE Congo, DSU, Turame, HOPE Ukraine and Urwego, as for-profit entities, pay taxes in the respective countries in which they are registered. HOPE Burundi SGP, HOPE Haiti SGP, HOPE Malawi SGP, HOPE Zambia SGP, HOPE Zimbabwe SGP and HOPE Hong Kong are exempt from income taxes.

As of December 31, 2020, Urwego has deferred tax assets, primarily related to net loss carryforwards, of approximately \$757,000 which has been fully reserved.

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

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### **CONTRIBUTIONS**

HOPE records unconditional promises to give (pledges) as a receivable and revenue when the pledge is received, net of the discount to present value of the future cash flows and of uncollectible receivables. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are then classified to net assets without donor restrictions and reported in the statement of activities as “*net assets released from restrictions.*”

### **DONATED MATERIALS AND SERVICES**

In-kind contributions are reflected as support in the financial statements at their estimated values on the date of donation. Donated services are recognized as contributions in accordance with accounting standards associated with recognition of contribution revenue, if the services (a) create or enhance nonfinancial assets or (b) involve specialized skills, are performed by people with those skills, and would otherwise be purchased by HOPE. Volunteer services provided to HOPE throughout the year that are not recognized as contributions in the financial statements since the criteria for revenue recognition are not met in accordance with accounting standards for such donated services.

### **FUNCTIONAL EXPENSE ALLOCATION**

The costs of providing HOPE’s various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services. Program expenses are allocated to overseas or United States entities. Costs are directly charged to a specific activity when the costs pertain solely to such activity. Certain salaries have been allocated to programs and supporting services based on level of effort attributable to programs and supporting services. In addition, certain other expenses that are attributable to both program and supporting activities are allocated based on the total of direct expenses, allocated salaries and related expenses charged to such functions.

### **ACCOUNTING ESTIMATES**

The preparation of the 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 and disclosure of contingent assets and 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 the estimates.

### **CONCENTRATIONS OF CREDIT RISK AND OTHER RISKS**

HOPE occasionally maintains cash in banks in excess of federally insured limits. The accounting standards associated with concentration of credit risk identifies uninsured cash as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

Concentration of credit risk with respect to loans receivable is the result of a small number of loans being made to third party microfinance organizations in developing countries. HOPE manages the risks through its underwriting process and the continued monitoring of the respective microfinance organization’s financial condition and operating performance.

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

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HOPE also issues microfinance loans through four subsidiaries and maintains net assets in six other wholly-owned subsidiaries and in one branch office located in developing countries which from time to time do not have stable governments or economies to the extent that if negative events occur in these countries, HOPE may be at risk to recover and repatriate such assets from these countries. HOPE has net assets, including non-controlling interest of \$1,111,947, in these developing countries totaling \$12,277,269 and \$10,728,289, including \$19,135,459 and \$21,898,450 of microfinance loans at December 31, 2020 and 2019, respectively.

The microfinance institutions are exposed to a number of other risks. The following outlines some of these risks:

**(a) Credit Risk**

Credit risk is the risk of financial loss arising from the failure of a customer to settle financial obligations to the microfinance institution as they fall due. This is an inherent risk associated with the microfinance industry. HOPE's financial institutions manage exposure to credit risk on a regular basis by closely monitoring credit limits, loan portfolios and concentrations of exposure.

**(b) Foreign Currency Risk**

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign currency exchange rates. The exposure to exchange rate risk is continually monitored by HOPE.

**(c) Interest Rate Risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. HOPE manages interest rate risk by monitoring market conditions and applying pricing based on the cost analysis of each product. Generally, most loans are due in less than one year. Loans outstanding in Urwego and HOPE Ukraine as of December 31, 2020 with an original loan term greater than one year were approximately \$9,044,722 and \$743,124, respectively.

**(d) Liquidity Risk**

Liquidity risk is the risk that the microfinance institutions will encounter difficulty in raising funds to meet the commitment associated with financial instruments. Each country has minimum capital requirements that the microfinance institutions must adhere to. Additionally, each institution monitors liquidity on a daily basis to meet its internal liquidity requirements.

### **FOREIGN CURRENCY TRANSLATION**

The assets and liabilities of HOPE's subsidiary microfinance organizations, SGP entities and other foreign entities reflected in foreign currencies are translated into US dollars at the rate of exchange at the statement of financial position date. Accounts reflected in the statement of activities are translated at the average exchange rates during the year, and any gains or losses resulting from foreign currency translation are reflected in the statement of activities. The net effect of such translation adjustments for the year ending December 31, 2020 and 2019, was a decrease and increase to net assets of \$960,963 and \$20,462, respectively.



# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

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### ***PRIOR YEAR INFORMATION***

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with HOPE's audited financial statements for the year ended December 31, 2019, from which the summarized information was derived.

### ***RECLASSIFICATION***

Certain account balances in the 2019 financial statements presentation have been reclassified to conform to the 2020 presentation.

### ***NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED***

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 15, 2021. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. HOPE plans to adopt the new ASU at the required implementation date.

### **(3) CONTRIBUTION RECEIVABLE**

HOPE had pledges receivable totaling \$1,672,858 and \$3,067,111 at December 31, 2020 and 2019. The pledges receivable as of December 31, 2020 are expected to be collected within one year. The pledges receivable as of December 31, 2019 were all collected within one year.

### **(4) MICROFINANCE LOANS**

HOPE, through wholly owned microfinance institutions operating separately in Ukraine, the Republic of Congo, Burundi and Rwanda provides microfinance loans. These loans consist of funds lent to entrepreneurial individuals for the purpose of furthering economic development in the communities served.

Microfinance loans receivable as of December 31, 2020 and 2019, by location consist of the following:

	<u>2020</u>	<u>2019</u>
Ukraine	\$ 1,094,923	\$ 1,514,419
Republic of Congo	4,854,244	5,383,777
Burundi	2,098,989	1,658,315
Rwanda	<u>13,590,638</u>	<u>14,173,796</u>
	21,638,794	22,730,307
Less: allowance for doubtful accounts	<u>2,503,335</u>	<u>831,857</u>
	<u>\$ 19,135,459</u>	<u>\$ 21,898,450</u>

HOPE's microfinance institutions will often make loans to borrowers who would be unable to secure financing through commercial sources. The ability of each borrower to repay their respective microfinance institution depends on the entrepreneurial success of each borrower. In addition, payments to the microfinance institutions depend on the economic and political environment of each locality in which loans are made.

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

### December 31, 2020 And 2019

The microfinance institutions in the Republic of Congo, Burundi and Rwanda have a compulsory savings component. This savings requirement can be applied towards balances in default. The \$18,612,572 and \$18,432,767 of client deposits as of December 31, 2020 and 2019 includes voluntary and compulsory savings.

The loan value of microfinance loans that were classified as nonperforming was \$1,320,270 and \$319,382 at December 31, 2020 and 2019 and as such, interest income was not being accrued on these loans.

A summary of the activity in the allowance for loan losses for the year ended December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Balance at beginning of year	\$ 831,857	\$ 1,236,227
Provision for loan losses	1,951,965	450,027
Loans written off	(216,579)	(822,058)
Currency translation adjustment	<u>(63,908)</u>	<u>(32,339)</u>
	<u>\$ 2,503,335</u>	<u>\$ 831,857</u>

### (5) LONG-TERM INVESTMENTS

A summary of investments at December 31, 2020 and 2019 is as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Money market funds	\$ 19,724	\$ 19,724	\$ 85,176	\$ 85,176
Fixed income:				
Domestic certificates of deposit	2,765,742	2,765,742	1,562,926	1,562,926
Foreign certificates of deposits	3,567,084	3,567,084	399,759	399,759
Foreign government bonds	1,782,051	1,782,051	1,444,959	1,444,959
Corporate bonds and commercial paper	2,569,172	2,688,109	4,767,957	4,834,526
Municipal bonds	705,026	708,868	788,030	797,202
US Treasury bonds	260,619	272,272	262,032	259,165
Equities	336,788	343,845	381,762	403,073
Exchange traded funds	565,671	590,127	374,615	401,014
Mutual funds	7,537,475	7,616,930	1,788,611	1,841,200
Master limited partnerships	25,349	4,138	55,156	38,799
Mortgage receivable	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
	<u>\$20,434,701</u>	20,658,890	<u>\$12,210,983</u>	12,367,799
Less: short-term		<u>10,551,131</u>		<u>3,396,849</u>
Long-term investment		<u>\$10,107,759</u>		<u>\$ 8,970,950</u>

Investments are comprised of the following net assets:

	<u>2020</u>	<u>2019</u>
Endowment assets:		
Board-designated for investment and operating reserve	\$ 3,912,517	\$ 2,952,179
Funds to be held in perpetuity	<u>4,467,715</u>	<u>4,399,396</u>
	8,380,232	7,351,575
General investments (short and long-term)	<u>12,278,658</u>	<u>5,016,224</u>
	<u>\$20,658,890</u>	<u>\$12,367,799</u>

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

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The board-designated endowment consists of various investments and is included in noncurrent investments – board-designated reserve. The earnings from those assets designated for endowment increases the board-designated endowment, except for 50% of interest and dividends received in cash which are allocated for current year operations.

The overall investment objective is to further the advancement of HOPE's vision through providing the proper amount of liquidity while preserving capital and allowing for a return on investment in excess of investment costs and inflation. In order to achieve the investment objective, the board manages directly the investment strategy of the endowment funds with and without donor restrictions. The board-designated endowment funds represent the funds segregated and invested with one financial institution as of year-end. HOPE in conjunction with the investment advisor monitors portfolio performance and the compliance of investment guidelines given to selected investment managers.

The following schedule summarizes total investment return:

	<b>2020</b>		
	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Dividends and interest	\$ 461,356	\$ 230,903	\$ 692,259
Net realized and unrealized gains (losses)	<u>96,893</u>	<u>(48,124)</u>	<u>48,769</u>
Return on investments	<u>\$ 558,249</u>	<u>\$ 182,779</u>	<u>\$ 741,028</u>

Investment return for 2020 was comprised of the following:

Endowment	\$ 395,018
General	<u>346,010</u>
	<u>\$ 741,028</u>

	<b>2019</b>		
	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Dividends and interest	\$ 484,516	\$ 199,760	\$ 684,276
Net realized and unrealized gains	<u>170,665</u>	<u>285,806</u>	<u>456,471</u>
Return on investments	<u>\$ 655,181</u>	<u>\$ 485,566</u>	<u>\$ 1,140,747</u>

Investment return for 2019 was comprised of the following:

Endowment	\$ 666,528
General	<u>474,219</u>
	<u>\$ 1,140,747</u>

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

### (6) FAIR VALUE OF FINANCIAL INSTRUMENTS

HOPE follows financial accounting standards associated with fair value measurements which clarify the definition of fair value and require additional disclosures about the use of fair value measurements. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of the fair value hierarchy in accordance with financial accounting standards are described below:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that HOPE has the ability to access.

Level 2 – observable inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing HOPE's own assumptions about the assumptions a market participant would use in valuing the asset or liability, would be based on the best information available.

The inputs methodology used for valuing securities is not necessarily an indication of risk associated with investing in those securities.

The summary of inputs used to value HOPE's investments as of December 31, 2020 and 2019, is as follows:

	<u>2020</u>		
	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Observable Inputs</u>
<b>Investments</b>			
Money market funds	\$ 19,724	\$ 19,724	\$ -
Fixed income:			
Domestic certificates of deposits	2,765,742	-	2,765,742
Foreign certificates of deposits	3,567,084	-	3,567,084
Foreign government bonds	1,782,051	-	1,782,051
Corporate bonds and commercial paper	2,688,109	-	2,688,109
Municipal bonds	708,868	-	708,868
US Treasury bonds	272,272	-	272,272
Equities	343,845	343,845	-
Exchange traded funds	590,127	590,127	-
Mutual funds	7,616,930	7,616,930	-
Master limited partnership	4,138	4,138	-
Mortgage receivable	<u>300,000</u>	<u>-</u>	<u>300,000</u>
	<u>\$20,658,890</u>	<u>\$8,574,764</u>	<u>\$12,084,126</u>

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

	2019		
	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Observable Inputs</u>
<b>Investments</b>			
Money market funds	\$ 85,176	\$ 85,176	\$ -
Fixed income:			
Domestic certificates of deposits	1,562,926	-	1,562,926
Foreign certificates of deposits	399,759	-	399,759
Foreign government bonds	1,444,959	-	1,444,959
Corporate bonds and commercial paper	4,834,526	-	4,834,526
Municipal bonds	797,202	-	797,202
US Treasury bonds	259,165	-	259,165
Equities	403,073	403,073	-
Exchange traded funds	401,014	401,014	-
Mutual funds	1,841,200	1,841,200	-
Master limited partnership	38,799	38,799	-
Mortgage receivable	<u>300,000</u>	<u>-</u>	<u>300,000</u>
	<u>\$12,367,799</u>	<u>\$2,769,262</u>	<u>\$9,598,537</u>

The carrying value of the mortgage receivable approximates fair value.

### (7) PROPERTY

Property and equipment as of December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Equipment and computer software	\$4,734,428	\$4,884,299
Leasehold improvements	1,027,049	1,282,708
Rental properties		
Land	460,000	-
Buildings and improvements	2,815,000	478,759
Other	<u>105,366</u>	<u>66,340</u>
	9,141,843	6,712,106
Less: accumulated depreciation	<u>4,498,680</u>	<u>4,723,892</u>
	<u>\$4,643,163</u>	<u>\$1,988,214</u>

In 2020, HOPE received a donation of a rental property for \$3,275,000 which is reflected above as land and building under rental properties. The donation of the land and building was contributed in connection with an agreement for the donor to lease the building from HOPE. Effective January 3, 2020, the lease is for an initial period of 3 years with a tenant option to renew the lease annually for a maximum period of 17 years. The annual rental amount is \$255,450 for each year during the initial 3 year lease period. The lease grants the tenant the option to purchase the land and building for \$3,275,000 at any time during the lease subsequent to the initial 3 year lease period. If the tenant makes any additional payments in excess of the annual rent amount, the excess payments will be held by the tenant as a credit towards the purchase option. In addition, the tenant has the right of first refusal to purchase the land and building in the event that HOPE receives another third party offer to purchase the property.

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

Depreciation expense was \$643,675 for the year ended December 31, 2020, of which \$82,167 is included within rental properties expense. Depreciation expense for the year ended December 31, 2019 was \$635,219 of which \$15,998 is included within rental properties.

### (8) LOANS RECEIVABLE

Loans receivable as of December 31, 2020 and 2019 consisted of the following:

<u>BORROWER</u>	<u>TERMS</u>	<u>Interest Rate</u>	<u>2020</u>	<u>2019</u>
Center for Community Transformation (CCT)	Principal payments annually with maturity in March 2023	0%	\$ 59,066	\$ -
Center for Community Transformation (CCT)	Due December 2020	0%		50,000
Kaibigang Maaasahan Multi-purpose Coop (KMMC)	Principal payments annually with maturity in December 2023	0%	60,000	100,000
Tomorrow Clubs International	Due on demand	0%	200,000	200,000
Center for Community Transformation (CCT)	Interest paid annually with principal due upon maturity in October 2022.	4.00%	250,239	-
Invest Credit (Moldova)	Interest paid annually with principal due upon maturity in September 2022.	4.00%	301,031	-
Invest Credit (Moldova)	Interest paid annually with principal due upon maturity in September 2022.	2.00%	100,000	-
Invest Credit (Moldova)	Principal and interest due quarterly through November 2023	5.68%		
			<u>100,344</u>	<u>-</u>
			1,070,680	350,000
	Less: current portion		<u>271,269</u>	<u>290,000</u>
			799,411	60,000
	Less: allowance for doubtful accounts		<u>112,697</u>	<u>-</u>
			<u>\$ 686,714</u>	<u>\$ 60,000</u>

At December 31, 2020, loans receivable maturities were as follows:

<u>Year Ending December 31,</u>	<u>Amounts</u>
2021	\$ 271,269
2022	724,228
2023	<u>75,183</u>
	<u>\$ 1,070,680</u>

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

### (9) CLIENT DEPOSITS

Client deposits as of December 31, 2020 and 2019 consist of:

	<u>2020</u>	<u>2019</u>
Demand	\$17,716,738	\$17,078,677
Term	<u>895,834</u>	<u>1,354,090</u>
	<u>\$18,612,572</u>	<u>\$18,432,767</u>

Demand deposits consist of both interest and non-interest bearing accounts. The interest rates are variable based on the client account balance maintained. Interest rates range from 0% on the lowest deposit balances to 8% on higher account balances. Term deposits are between 2 months to 1 year in duration and have interest rates ranging from 3% to 10%.

### (10) NOTES PAYABLE

Notes payable as of December 31, 2020 and 2019 consisted of the following:

LENDER	TERMS	2020	2019
<b>Hope Global Investment</b> Various	Unsecured with rates varying from 0% to 5% with various due dates through December 2023.	\$2,103,230	\$ -
<b>HOPE Advancement</b> Kiva	Unsecured zero interest rate loan due upon demand.	-	11,636
Arise Foundation	Unsecured zero interest rate loan due upon demand.	150,000	150,000
<b>Urwego</b> Kiva	Unsecured zero interest rate loan due upon demand.	929,255	742,861
Kiva	Unsecured zero interest rate loan due in September 2022.	<u>403,479</u>	<u>-</u>
Total loans payable		3,585,964	904,497
Less: current portion		<u>1,139,828</u>	<u>-</u>
		<u>\$2,446,136</u>	<u>\$904,497</u>

The notes payable of the microfinance organizations are the obligations of the individual institution.

At December 31, 2020, notes payable maturities were as follows:

<u>Year Ending December 31,</u>	<u>Amounts</u>
2021	\$1,139,828
2022	2,129,185
2023	<u>316,951</u>
	<u>\$3,585,964</u>

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

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As of December 31, 2020 and 2019, HOPE has a secured line of credit of \$950,000, with a financial institution. The line of credit is secured by all assets of HOPE. There was no outstanding balance under the line of credit as of December 31, 2020 and 2019. The interest rate on the line of credit is the financial institution's prime rate minus .5% with a minimum interest rate of 4%. Any outstanding loan and interest are due on demand. The \$950,000 line of credit is subject to renewal annually and there is no expiration date.

### (11) NET ASSETS

Net assets with donor restrictions are available for the following purposes as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for a specified purpose:		
Programs		
Paraguay	\$ 31,113	\$ -
Peru	4,530	-
Other Program	<u>130,528</u>	<u>134,401</u>
	166,171	134,401
Perpetual in nature		
HI Loan Endowment	<u>4,467,715</u>	<u>4,399,396</u>
Total	<u>\$4,633,886</u>	<u>\$4,533,797</u>

During the year ended December 31, 2020 and 2019, net assets were released from donor restrictions by incurring expenses satisfying the following purposes:

	<u>2020</u>	<u>2019</u>
Programs		
Africa Region	\$ 182,892	\$ 260,285
Burundi	369,518	931,418
Dominican Republic	37,897	142,426
East Asia	86,350	101,200
Haiti	316,830	378,295
Malawi	95,260	344,912
Moldova	9,226	6,300
Paraguay	49,110	50
Peru	21,020	21,200
Philippines	181,949	1,700
Republic of Congo	257,635	10,269
Romania	-	13,472
Rwanda	567,084	244,339
South Asia	283,230	533,046
Ukraine	97,280	4,450
Zambia	10,500	61,701
Zimbabwe	18,750	33,300
Other Programs	4,298,436	2,573,674
HOPE Trips	400	85,693
Spiritual Integration	-	800
Other	<u>136,355</u>	<u>115,465</u>
	<u>\$7,019,722</u>	<u>\$5,863,995</u>



# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

Endowment net asset composition by type of fund as of December 31, 2020 and 2019:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 4,467,715	\$ 4,467,715
Board-designated for endowment and operating reserve	<u>3,912,517</u>	<u>-</u>	<u>3,912,517</u>
	<u>\$ 3,912,517</u>	<u>\$ 4,467,715</u>	<u>\$ 8,380,232</u>

  

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 4,399,396	\$ 4,399,396
Board-designated for endowment and operating reserve	<u>2,952,179</u>	<u>-</u>	<u>2,952,179</u>
	<u>\$ 2,952,179</u>	<u>\$ 4,399,396</u>	<u>\$ 7,351,575</u>

HOPE includes the original value of gifts received with donor stipulations that require them to be held in perpetuity as donor restricted endowment funds. In 2020 and 2019, interest and dividends earned on donor restricted endowment funds which are paid in cash are allocated 50% to donor restricted purposes that are temporary in nature and 50% to be held in perpetuity as stipulated by the donors. In addition, realized and unrealized gains and losses are to be classified as donor restricted in perpetuity. HOPE's Board may also designate certain revenues without restrictions to function as endowment funds; such revenues are classified within net assets without restrictions as board-designated for endowment and operating reserve.

Changes in endowment net assets for the year ended December 31, 2020 and 2019:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,952,179	\$ 4,399,396	\$ 7,351,575
Investment return	212,239	182,779	395,018
Contributions	-	990	990
Transfers to Board-designated net assets	767,975	-	767,975
Less: Endowment income designated for current operations	<u>(19,876)</u>	<u>(115,450)</u>	<u>(135,326)</u>
	<u>\$ 3,912,517</u>	<u>\$ 4,467,715</u>	<u>\$ 8,380,232</u>

  

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,883,700	\$ 4,006,520	\$ 6,890,220
Investment return	180,962	485,566	666,528
Contributions	-	7,190	7,190
Transfers from Board-designated net assets	215,692	-	215,692
Releases to general operations	(315,698)	-	(315,698)
Less: Endowment income designated for current operations	<u>(12,477)</u>	<u>(99,880)</u>	<u>(112,357)</u>
	<u>\$ 2,952,179</u>	<u>\$ 4,399,396</u>	<u>\$ 7,351,575</u>

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

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In conjunction with an endowment gift received from a donor, HOPE pledged to contribute 2% of contributions without donor restrictions as board designated net assets. In accordance with this practice, HOPE Board-designated \$259,216 and \$215,692 of contributions without donor restrictions in 2020 and 2019, respectively. Additionally, in 2020, HOPE designated \$508,759 as board-designated for endowment and operating reserve. In 2019, HOPE released \$315,698 from its board-designated endowment and operating reserve.

### (12) COVID-19 AND PAYCHECK PROTECTION PROGRAM

In December 2019, a novel strain of the coronavirus (“COVID-19”) was reported in China. The World Health Organization has declared COVID-19 to constitute a “Public Health Emergency of International Concern”. This outbreak has affected virtually every industry and has created volatility in the stock markets throughout the world. Many federal and state governments have implemented numerous restrictions, mandated various closures and quarantine requirements in connection with the COVID-19 outbreak. The extent of the impact of COVID-19 on HOPE’s operational and financial performance will depend on future developments, including the duration and spread of the outbreak and the impact on HOPE’s funders, donors, employees and vendors, all of which are uncertain and cannot be predicted.

In April 2020, HOPE received \$1,367,260 in funds from the federal Paycheck Protection Program (PPP). The PPP loan is designed to provide a direct incentive for small businesses to keep their workers on the payroll. The Small Business Administration (SBA) forgives loans if all employees are kept on the payroll for a specific period of time and the money is used for certain allowable costs. Any amounts not forgiven at the end of the program period convert into a loan with 1% interest, payable over 24 months. The cash received under the PPP was recorded as a liability until HOPE received forgiveness of the loan. In December 2020, forgiveness of the PPP loan was received from the SBA. As of December 31, 2020, HOPE recognized \$1,367,260 as grant revenue in the Statement of Activities.

### (13) RELATED PARTY TRANSACTIONS

During the year ended December 31, 2019, HOPE received \$1,300,000 in operating grants from Homes for HOPE (“H4H”), and such amount is included in contributions in the Statement of Activities. H4H is a related non-profit organization in which the chairman of the Board of Directors and the President of HOPE serve as Board members.

During the year ended December 31, 2020 and 2019, HOPE provided administrative services to H4H for which HOPE was reimbursed in the amount of \$22,947.

HOPE has a note receivable from Tomorrow Clubs International for \$200,000 as of December 31, 2020 and 2019. Tomorrow Clubs International is related to HOPE because employees of HOPE serve as Board members.

### (14) RETIREMENT PLAN

HOPE has a 401(k) plan that was a deferred salary arrangement under section 401(k) of the Internal Revenue Code. Under the plan, participating U.S. employees may defer a portion of their pre-tax earnings, up to the IRS annual contribution limits. HOPE matches each employee’s contributions up to 5% of the employee eligible earnings or \$3,000, whichever is less. HOPE’s matching contributions to the plan were \$254,309 and \$248,956 in 2020 and 2019, respectively.

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

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### (15) COMMITMENTS & CONTINGENCIES

#### ***OPERATING LEASES***

HOPE leases various facilities and equipment under operating lease agreements which expire at various dates through fiscal year 2028.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 2020:

2021	\$ 653,300
2022	579,600
2023	480,300
2024	343,400
2025	225,100
Thereafter	<u>168,100</u>
Total	<u>\$ 2,449,800</u>

#### ***LEGAL***

Certain of HOPE's microfinance institutions are involved in certain litigation arising out of the conduct of its business. In certain cases, the microfinance institutions have made provisions in the financial statements. For other pending matters, in the opinion of management and legal counsel, the resolution of such matters will not have a material adverse effect on the Organization's financial position.

#### ***GUARANTEES***

In the ordinary course of operations, Urwego issues guarantees in the form of financial instruments including banker's acceptances, letters of credits and performance bonds. In connection with these financial instruments, Urwego will either hold collateral or has an enforceable right for repayment of the financial instrument from the customer.

### (16) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects HOPE's financial assets as of December 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations.

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash and cash equivalents	\$10,916,001	\$ 9,074,304
Contributions receivable	1,672,858	3,067,111
Short-term investments	10,551,131	3,396,849
Microfinance loans receivable and related interest	19,347,104	22,081,216
Current loans receivable and interest	271,269	290,000
Other receivable	638,112	516,925
Investments – non-current	<u>10,107,759</u>	<u>8,970,950</u>
Total financial assets available	53,504,234	47,397,355
Less:		
Net assets with donor restrictions	4,633,886	4,533,797
Board-designated net assets	<u>3,912,517</u>	<u>2,952,179</u>
Total financial assets available within one year	<u>\$44,957,831</u>	<u>\$39,911,379</u>

# HOPE INTERNATIONAL

## *NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)*

**December 31, 2020 And 2019**

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As part of HOPE's liquidity management, it has a practice to structure its financial assets to be available as its general expenditure, liabilities and other obligations come due. HOPE has board-designated endowment and operating reserves in the amount of \$3,912,517 and \$2,952,179 as of December 31, 2020 and 2019, respectively, which could be made available, if necessary, with Board approval. In addition, HOPE maintains a line of credit with a bank in the amount of \$950,000 which can be drawn upon if needed.

### **(17) SUBSEQUENT EVENTS**

Subsequent events after the date of the statement of financial position through the date that the financial statements were available for issuance, June 9, 2021, have been evaluated in the preparation of the financial statements and management has determined that there are no subsequent events that would require disclosure or adjustment in the financial statements, except for the matters described below.

## **SUPPLEMENTAL INFORMATION**

# HOPE INTERNATIONAL

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2020 With Summarized Information As Of December 31, 2019

	HOPE ADVANCEMENT												
	(a) HOPE International	Superior Land	HOPE Advancement	HGI	HOPE Congo	Turame	HOPE Ukraine	Urwego	(b) SGP	(c) Other	Eliminating Entries	Consolidated	2019
<b>CURRENT ASSETS</b>													
Cash and cash equivalents – US	\$ 561,100	\$ 1,500	\$ 242,995	\$ 16,717	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 822,312	\$ 915,328
Cash and cash equivalents – field	78,182	-	-	-	1,084,793	843,521	614,736	6,244,187	1,118,620	109,650	-	10,093,689	8,158,976
Contribution receivable	1,672,858	-	-	-	-	-	-	-	-	-	-	1,672,858	3,067,111
Short-term investments	6,984,047	-	-	-	1,010,920	154,131	823,746	1,254,459	323,828	-	-	10,551,131	3,396,849
Microfinance loans receivable, net	-	-	(318,000)	-	4,048,781	2,067,907	1,055,561	12,281,210	-	-	-	19,135,459	21,898,450
Loans receivable, net	-	-	239,689	61,639	-	-	-	-	-	-	(30,059)	271,269	290,000
Interest receivable	-	-	-	8,820	5,696	-	16,416	185,171	413	-	(4,871)	211,645	182,766
Other receivables	179,052	-	-	-	21,586	9,606	(574)	497,842	2,841	81,004	(153,245)	638,112	516,925
Prepaid expenses and other assets	673,016	-	-	-	8,157	8,390	31,144	39,761	19,333	6,194	-	785,995	856,060
<b>Total Current Assets</b>	<b>10,148,255</b>	<b>1,500</b>	<b>164,684</b>	<b>87,176</b>	<b>6,179,933</b>	<b>3,083,555</b>	<b>2,541,029</b>	<b>20,502,630</b>	<b>1,465,035</b>	<b>196,848</b>	<b>(188,175)</b>	<b>44,182,470</b>	<b>39,282,465</b>
<b>NONCURRENT ASSETS</b>													
Investments	8,325,708	-	-	-	-	-	-	1,782,051	-	-	-	10,107,759	8,970,950
Property and equipment, net	280,702	3,198,534	-	-	160,002	144,280	71,349	617,364	157,685	13,247	-	4,643,163	1,988,214
Other long-term assets	6,089	-	-	-	59,181	17,101	-	24,957	-	352	-	107,680	144,032
Loans receivable	-	-	1,706,330	1,821,226	-	-	-	-	-	-	(2,840,842)	686,714	60,000
Investment in subsidiary	-	-	11,088,288	-	-	-	-	-	-	-	(11,088,288)	-	-
<b>Total Assets</b>	<b>\$18,760,754</b>	<b>\$ 3,200,034</b>	<b>\$12,959,302</b>	<b>\$ 1,908,402</b>	<b>\$ 6,399,116</b>	<b>\$ 3,244,936</b>	<b>\$ 2,612,378</b>	<b>\$ 22,927,002</b>	<b>\$ 1,622,720</b>	<b>\$ 210,447</b>	<b>\$ (14,117,305)</b>	<b>\$ 59,727,786</b>	<b>\$ 50,445,661</b>
<b>CURRENT LIABILITIES</b>													
Accounts payable and accrued expenses	\$ 704,834	\$ 992	\$ 5,374	\$ 7,469	\$ 588,782	\$ 250,228	\$ 35,926	\$ 419,191	\$ 87,734	\$ 73,899	\$ (153,245)	\$ 2,021,184	\$ 1,623,983
Interest Payable	-	-	-	5,928	974	-	-	26,407	-	-	(4,871)	28,438	19,379
Unearned revenue	-	-	-	-	-	-	38,164	448,773	-	-	-	486,937	748,544
Current portion of notes payable	-	-	150,000	60,574	418,543	1,048,467	-	929,256	-	-	(1,467,012)	1,139,828	904,497
Client deposits	-	-	-	-	1,552,849	546,984	-	16,512,739	-	-	-	18,612,572	18,432,767
Security deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	5,120
<b>Total Current Liabilities</b>	<b>704,834</b>	<b>992</b>	<b>155,374</b>	<b>73,971</b>	<b>2,561,148</b>	<b>1,845,679</b>	<b>74,090</b>	<b>18,336,366</b>	<b>87,734</b>	<b>73,899</b>	<b>(1,625,128)</b>	<b>22,288,959</b>	<b>21,734,290</b>
<b>NOTES PAYABLE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,232,700</b>	<b>687,855</b>	<b>-</b>	<b>250,000</b>	<b>898,991</b>	<b>-</b>	<b>-</b>	<b>(1,623,410)</b>	<b>2,446,136</b>	<b>-</b>
<b>Total Liabilities</b>	<b>704,834</b>	<b>992</b>	<b>155,374</b>	<b>2,306,671</b>	<b>3,249,003</b>	<b>1,845,679</b>	<b>324,090</b>	<b>19,235,357</b>	<b>87,734</b>	<b>73,899</b>	<b>(3,248,538)</b>	<b>24,735,095</b>	<b>21,734,290</b>
<b>NET ASSETS</b>													
Without donor restrictions													
Operations	9,509,517	3,199,042	12,803,928	(398,269)	3,150,113	713,621	1,873,421	3,680,201	1,534,986	136,548	(10,868,767)	25,334,341	20,069,453
Board-designated for endowment and operating reserve	3,912,517	-	-	-	-	-	-	-	-	-	-	3,912,517	2,952,179
Noncontrolling interest	-	-	-	-	-	685,636	414,867	11,444	-	-	-	1,111,947	1,155,942
With donor restrictions	4,633,886	-	-	-	-	-	-	-	-	-	-	4,633,886	4,533,797
<b>Total Net Assets</b>	<b>18,055,920</b>	<b>3,199,042</b>	<b>12,803,928</b>	<b>(398,269)</b>	<b>3,150,113</b>	<b>1,399,257</b>	<b>2,288,288</b>	<b>3,691,645</b>	<b>1,534,986</b>	<b>136,548</b>	<b>(10,868,767)</b>	<b>34,992,691</b>	<b>28,711,371</b>
<b>Total Liabilities and Net Assets</b>	<b>\$18,760,754</b>	<b>\$ 3,200,034</b>	<b>\$12,959,302</b>	<b>\$ 1,908,402</b>	<b>\$ 6,399,116</b>	<b>\$ 3,244,936</b>	<b>\$ 2,612,378</b>	<b>\$ 22,927,002</b>	<b>\$ 1,622,720</b>	<b>\$ 210,447</b>	<b>\$ (14,117,305)</b>	<b>\$ 59,727,786</b>	<b>\$ 50,445,661</b>

(a) Includes assets, liabilities and net assets of Higher Impact Properties and Rwanda SGP.

(b) Includes assets, liabilities and net assets of Burundi SGP, Haiti SGP, Malawi SGP, Zambia SGP and Zimbabwe SGP.

(c) Includes assets, liabilities and net assets of Hong Kong and DSU Kigali

# HOPE INTERNATIONAL

## CONSOLIDATING STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2020 With Summarized Information For 2019

	HOPE ADVANCEMENT											Consolidated	2019
	(a) HOPE International	Superior Land	HOPE Advancement	HGI	HOPE Congo	Turame	HOPE Ukraine	Urwego	(b) SGP	(c) Other	Eliminating Entries		
<b>SUPPORT AND REVENUE</b>													
Contributions	\$ 20,503,432	\$ 680	\$ 6,961,586	\$ -	\$ -	\$ -	\$ 28,515	\$ 583,435	\$ 3,795,907	\$ 333,893	\$ (12,497,788)	\$ 19,709,660	\$ 16,207,183
Contribution – rental property	-	3,275,000	-	-	-	-	-	-	-	-	-	3,275,000	-
Special events, net of direct expenses	3,318,239	-	-	-	-	-	-	-	-	4,260	-	3,322,499	3,414,582
Investment return designated for current operations	135,326	-	-	-	-	-	-	-	-	-	-	135,326	112,357
Interest income – microfinance loans	-	-	-	-	2,003,244	1,169,688	643,763	3,684,310	-	-	-	7,501,005	8,732,875
Other investment income	49,975	-	-	-	5,953	5,359	57,683	223,159	3,881	-	-	346,010	474,219
Rental revenue	17,557	255,450	-	-	-	-	-	-	-	-	-	273,007	47,788
Less expenses (including depreciation)	(24,782)	(77,458)	-	-	-	-	-	-	-	-	-	(102,240)	(36,567)
Net rental income	(7,225)	177,992	-	-	-	-	-	-	-	-	-	170,767	11,221
Equity interest in income of microfinance institutions	-	-	(5,468,288)	-	-	-	-	-	-	-	5,468,288	-	-
Other income	45,849	1	-	19,304	8,356	(1,503)	4,565	161,941	87	580,212	(594,569)	224,243	264,664
<b>Total support and revenue</b>	<u>24,045,596</u>	<u>3,453,673</u>	<u>1,493,298</u>	<u>19,304</u>	<u>2,017,553</u>	<u>1,173,544</u>	<u>734,526</u>	<u>4,652,845</u>	<u>3,799,875</u>	<u>918,365</u>	<u>(7,624,069)</u>	<u>34,684,510</u>	<u>29,217,101</u>
<b>FUNCTIONAL EXPENSES</b>													
Program services	16,753,439	-	-	339,714	3,803,440	1,072,381	727,247	5,879,800	2,827,214	805,843	(8,914,778)	23,294,300	22,416,732
Management and general	2,784,198	254,631	1,673	6,234	-	-	-	-	-	36,658	(763,391)	2,320,003	2,016,267
Fundraising	2,311,855	-	-	-	-	-	-	-	-	62,667	-	2,374,522	2,307,803
<b>Total expenses</b>	<u>21,849,492</u>	<u>254,631</u>	<u>1,673</u>	<u>345,948</u>	<u>3,803,440</u>	<u>1,072,381</u>	<u>727,247</u>	<u>5,879,800</u>	<u>2,827,214</u>	<u>905,168</u>	<u>(9,678,169)</u>	<u>27,988,825</u>	<u>26,740,802</u>
<b>Excess (deficit) of revenues over expenses</b>	<u>2,196,104</u>	<u>3,199,042</u>	<u>1,491,625</u>	<u>(326,644)</u>	<u>(1,785,887)</u>	<u>101,163</u>	<u>7,279</u>	<u>(1,226,955)</u>	<u>972,661</u>	<u>13,197</u>	<u>2,054,100</u>	<u>6,695,685</u>	<u>2,476,299</u>
<b>OTHER CHANGES</b>													
Investment return in excess of amounts designated for operations	\$ 259,692	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 259,692	\$ 554,171
Gain/(loss) on foreign currency transactions	8,614	-	-	(70,869)	2,532	9,409	42,799	277,468	36,307	9,219	-	315,479	180,167
Gain/(loss) on foreign currency translation	(9,889)	-	(849,367)	-	(28,296)	(46,883)	(431,569)	(165,002)	(99,878)	(2,890)	672,811	(960,963)	20,462
Gain/(loss) on disposal of assets	206,840	-	-	-	-	-	-	(242,714)	7,301	-	-	(28,573)	-
<b>Total other changes</b>	<u>465,257</u>	<u>-</u>	<u>(849,367)</u>	<u>(70,869)</u>	<u>(25,764)</u>	<u>(37,474)</u>	<u>(388,770)</u>	<u>(130,248)</u>	<u>(56,270)</u>	<u>6,329</u>	<u>672,811</u>	<u>(414,365)</u>	<u>754,800</u>
<b>CHANGE IN NET ASSETS BEFORE PURCHASE OF EQUITY INTERESTS</b>	<u>2,661,361</u>	<u>3,199,042</u>	<u>642,258</u>	<u>(397,513)</u>	<u>(1,811,651)</u>	<u>63,689</u>	<u>(381,491)</u>	<u>(1,357,203)</u>	<u>916,391</u>	<u>19,526</u>	<u>2,726,911</u>	<u>6,281,320</u>	<u>3,231,099</u>
Equity contribution by controlling shareholder	-	-	-	-	2,628,729	-	61,520	1,514,154	-	-	(4,204,403)	-	-
Equity contribution by noncontrolling shareholder	-	-	-	-	-	-	-	-	-	-	-	-	50,000
<b>CHANGE IN NET ASSETS</b>	<u>2,661,361</u>	<u>3,199,042</u>	<u>642,258</u>	<u>(397,513)</u>	<u>817,078</u>	<u>63,689</u>	<u>(319,971)</u>	<u>156,951</u>	<u>916,391</u>	<u>19,526</u>	<u>(1,477,492)</u>	<u>6,281,320</u>	<u>3,281,099</u>
<b>NET ASSETS</b>													
Beginning of year	15,394,559	-	12,161,670	(756)	2,333,035	1,335,568	2,608,259	3,534,694	618,595	117,022	(9,391,275)	28,711,371	25,430,272
<b>End of year</b>	<u>\$ 18,055,920</u>	<u>\$ 3,199,042</u>	<u>\$ 12,803,928</u>	<u>\$ (398,269)</u>	<u>\$ 3,150,113</u>	<u>\$ 1,399,257</u>	<u>\$ 2,288,288</u>	<u>\$ 3,691,645</u>	<u>\$ 1,534,986</u>	<u>\$ 136,548</u>	<u>\$ (10,868,767)</u>	<u>\$ 34,992,691</u>	<u>\$ 28,711,371</u>

(a) Includes assets, liabilities and net assets of Higher Impact Properties and Rwanda SGP.

(b) Includes assets, liabilities and net assets of Burundi SGP, Haiti SGP, Malawi SGP, Zambia SGP and Zimbabwe SGP.

(c) Includes assets, liabilities and net assets of Hong Kong and DSU Kigali.