

HOPE INTERNATIONAL

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

DECEMBER 31, 2021 AND 2020

HOPE INTERNATIONAL

TABLE OF CONTENTS

	<u>Page</u>
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1-3
FINANCIAL STATEMENTS	
<i>Consolidated Statements of Financial Position,</i> December 31, 2021 and 2020	4
<i>Consolidated Statement of Activities,</i> Year ended December 31, 2021 with Summarized Information for 2020	5
<i>Consolidated Statements of Changes in Net Assets Without Donor Restrictions,</i> Years ended December 31, 2021 and 2020	6
<i>Consolidated Statements of Functional Expenses,</i> Year ended December 31, 2021	7
Year ended December 31, 2020	8
<i>Consolidated Statements of Cash Flows,</i> Years ended December 31, 2021 and 2020	9
<i>Notes to Consolidated Financial Statements</i>	10-27
SUPPLEMENTAL INFORMATION	
<i>Consolidating Statement of Financial Position,</i> December 31, 2021 with Summarized Information for 2020	28
<i>Consolidating Statement of Activities,</i> Year ended December 31, 2021 with Summarized Information for 2020	29

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Opinion

We have audited the accompanying consolidated financial statements of HOPE International (a nonprofit organization) which comprise the consolidated statement of financial position as of December 31, 2021, 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.

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, 2021, 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.

We did not audit the financial statements of HOPE Congo and Urwego Bank PLC subsidiaries, which statements reflect total assets of \$33,750,586 as of December 31, 2021 and total support and revenues of \$8,357,379 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HOPE International and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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, including omissions, 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 HOPE International'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 HOPE International'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.

Report on Summarized Comparative Information

We have previously audited HOPE International's 2020 consolidated financial statements, and our report dated June 9, 2021, 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, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

Supplemental Information

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 28 and 29, 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
July 6, 2022**

HOPE INTERNATIONAL

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2021 And 2020

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents		
Cash held in the US	\$ 2,011,801	\$ 822,312
Cash held in the field	9,642,584	10,093,689
Contribution receivable	2,520,267	1,672,858
Short-term investments	10,887,839	10,551,131
Microfinance loans receivable, net	26,614,470	19,135,459
Loans receivable, net	1,023,359	271,269
Interest receivable	307,390	211,645
Other receivables	641,751	638,112
Prepaid expenses and other assets	<u>805,898</u>	<u>785,995</u>
Total Current Assets	54,455,359	44,182,470
NONCURRENT ASSETS		
Investments	10,545,091	10,107,759
Property and equipment, net	4,727,713	4,643,163
Other long-term assets	361,120	107,680
Loans receivable, net	<u>1,042,026</u>	<u>686,714</u>
Total Assets	<u>\$71,131,309</u>	<u>\$59,727,786</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 2,033,200	\$ 2,021,184
Interest payable	27,472	28,438
Unearned revenue	491,180	486,937
Notes payable	3,596,950	1,139,828
Client deposits	19,513,451	18,612,572
Security deposits and other liabilities	<u>-</u>	<u>-</u>
Total Current Liabilities	25,662,253	22,288,959
NOTE PAYABLE	<u>703,226</u>	<u>2,446,136</u>
Total Liabilities	<u>26,365,479</u>	<u>24,735,095</u>
NET ASSETS		
Without donor restrictions		
Net assets	34,203,980	25,334,341
Board-designated for endowment and operating reserve	4,264,225	3,912,517
Noncontrolling interest	<u>1,185,271</u>	<u>1,111,947</u>
Total Net Assets Without Donor Restrictions	39,653,476	30,358,805
Net assets with donor restrictions	<u>5,112,354</u>	<u>4,633,886</u>
Total Net Assets	<u>44,765,830</u>	<u>34,992,691</u>
Total Liabilities and Net Assets	<u>\$71,131,309</u>	<u>\$59,727,786</u>

HOPE INTERNATIONAL

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2021 With Summarized Information For 2020

	Without Donor Restrictions	With Donor Restrictions	Total	2020
SUPPORT AND REVENUE				
Contributions and grants	\$17,620,805	\$ 6,874,494	\$24,495,299	\$19,709,660
Contribution – rental property	-	-	-	3,275,000
Special events, net of direct expenses of \$539,395 and \$276,992 for 2021 and 2020	3,256,492	240,260	3,496,752	3,322,499
Investment return on endowment funds designated for current operations	23,423	108,039	131,462	135,326
Interest income – microfinance loans	9,351,039	-	9,351,039	7,501,005
Other investment income	337,933	-	337,933	346,010
Rental revenue	257,850	-	257,850	273,007
Less expenses (including depreciation)	<u>(77,227)</u>	<u>-</u>	<u>(77,227)</u>	<u>(102,240)</u>
Net rental income	<u>180,623</u>	<u>-</u>	<u>180,623</u>	<u>170,767</u>
Other income	<u>761,789</u>	<u>-</u>	<u>761,789</u>	<u>224,243</u>
Total support and revenue before net assets released from restrictions	31,532,104	7,222,793	38,754,897	34,684,510
Net assets released from restrictions	<u>6,978,040</u>	<u>(6,978,040)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>38,510,144</u>	<u>244,753</u>	<u>38,754,897</u>	<u>34,684,510</u>
FUNCTIONAL EXPENSES				
Program services	23,822,263	-	23,822,263	23,294,300
Management and general	2,728,798	-	2,728,798	2,320,003
Fundraising	<u>2,819,204</u>	<u>-</u>	<u>2,819,204</u>	<u>2,374,522</u>
Total expenses	<u>29,370,265</u>	<u>-</u>	<u>29,370,265</u>	<u>27,988,825</u>
Excess of revenues over expenses	<u>9,139,879</u>	<u>244,753</u>	<u>9,384,632</u>	<u>6,695,685</u>
OTHER CHANGES				
Investment return on endowment funds in excess of amounts designated for current operations	44,075	233,715	277,790	259,692
Net realized gain on foreign currency transactions	253,542	-	253,542	315,479
Gain (loss) on foreign currency translation	(155,160)	-	(155,160)	(960,963)
Gain (loss) on disposal of assets	<u>12,335</u>	<u>-</u>	<u>12,335</u>	<u>(28,573)</u>
Total other changes	<u>154,792</u>	<u>233,715</u>	<u>388,507</u>	<u>(414,365)</u>
CHANGE IN NET ASSETS BEFORE PURCHASE OF EQUITY INTERESTS	9,294,671	478,468	9,773,139	6,281,320
Equity contribution by noncontrolling shareholder	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>9,294,671</u>	<u>478,468</u>	<u>9,773,139</u>	<u>6,281,320</u>
NET ASSETS				
Beginning of year	<u>30,358,805</u>	<u>4,633,886</u>	<u>34,992,691</u>	<u>28,711,371</u>
End of year	<u>\$39,653,476</u>	<u>\$ 5,112,354</u>	<u>\$44,765,830</u>	<u>\$34,992,691</u>

HOPE INTERNATIONAL

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

Years Ended December 31, 2021 And 2020

	<u>HOPE</u>	<u>Non-Controlling Interest In Microfinance Entities</u>	<u>Total</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	29,246,858	1,111,947	30,358,805
Excess of revenues over expenses	<u>9,221,347</u>	<u>73,324</u>	<u>9,294,671</u>
Change in net assets without donor restrictions	<u>9,221,347</u>	<u>73,324</u>	<u>9,294,671</u>
Net assets without donor restrictions, December 31, 2021	<u>\$ 38,468,205</u>	<u>\$ 1,185,271</u>	<u>\$ 39,653,476</u>

HOPE INTERNATIONAL

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

	Program Services			Management And		
	Overseas	United States	Total	General	Fundraising	Total
	Entities	Entities				
Salaries	\$ 6,422,653	\$3,515,431	\$ 9,938,084	\$ 1,438,320	\$ 1,369,466	\$ 12,745,870
Payroll taxes	605,698	266,445	872,143	108,618	101,234	1,081,995
Employee benefits	514,602	895,714	1,410,316	415,395	372,460	2,198,171
Other staff expenses	724,290	364,610	1,088,900	183,950	160,415	1,433,265
Insurance	62,610	23,818	86,428	5,581	471	92,480
Professional services	777,884	1,003,102	1,780,986	195,370	127,302	2,103,658
Office expenses	2,066,046	250,795	2,316,841	65,337	88,535	2,470,713
Marketing	-	19,170	19,170	91,593	364,348	475,111
Travel	673,353	167,957	841,310	22,275	66,156	929,741
Finance expenses – interest and fees	833,952	27,915	861,867	127,637	1,398	990,902
Depreciation	460,463	111,124	571,587	43,961	2,997	618,545
Printing and reproduction	221,238	1,080	222,318	3,094	138,354	363,766
Loan loss reserve/(recapture), net	(421,316)	124,935	(296,381)	-	-	(296,381)
Other expenses	472,340	10,486	482,826	27,667	26,068	536,561
Grants to partners	2,179,671	1,511,601	3,691,272	-	-	3,691,272
Tax expense, net	(65,404)	-	(65,404)	-	-	(65,404)
	<u>\$15,528,080</u>	<u>\$8,294,183</u>	<u>\$23,822,263</u>	<u>\$ 2,728,798</u>	<u>\$ 2,819,204</u>	<u>\$ 29,370,265</u>

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

HOPE INTERNATIONAL

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES – (Continued)

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 STATEMENTS OF CASH FLOWS

Years Ended December 31, 2021 And 2020

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 9,773,139	\$ 6,281,320
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gain on investments	(99,014)	(63,450)
Loan loss (recapture) reserve, net	(1,328)	1,784,175
Depreciation	695,011	643,675
Gain (loss) on disposal of fixed assets	(12,335)	28,573
Contributions restricted for endowment	(4,825)	(990)
Contributions of securities	(471,145)	(72,142)
Contributions of land and building	-	(3,275,000)
(Increase) decrease in operating assets		
Contributions receivable	(847,409)	1,394,254
Interest receivable	(95,745)	(28,879)
Other receivables	(3,639)	(121,187)
Prepaid expenses and other assets	(19,903)	70,065
Other long-term assets	(253,440)	36,352
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	12,016	397,201
Interest payable	(966)	9,059
Unearned revenue	4,243	(261,607)
Client deposits	900,879	179,805
Security deposits and other liabilities	-	(5,120)
Net cash provided by operating activities	<u>9,575,539</u>	<u>6,996,104</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(786,352)	(556,558)
Proceeds from sale of fixed assets	19,126	504,360
Purchase of investments	(11,696,065)	(12,767,992)
Proceeds from sale of investments	11,492,184	4,612,493
(Issuance) and repayment of microfinance loans, net	(7,352,746)	1,091,513
Issuance of notes receivable	(1,302,134)	(1,050,680)
Repayment of notes receivable	<u>69,795</u>	<u>330,000</u>
Net cash (used in) provided by investing activities	<u>(9,556,192)</u>	<u>(7,836,864)</u>
FINANCING ACTIVITIES		
Issuance and repayment of notes payable, net	714,212	2,681,467
Contributions restricted for endowments	4,825	990
Equity contribution from noncontrolling shareholder	-	-
Net cash provided by financing activities	<u>719,037</u>	<u>2,682,457</u>
Net increase in cash and cash equivalents	738,384	1,841,697
CASH AND CASH EQUIVALENT		
Beginning of year	<u>10,916,001</u>	<u>9,074,304</u>
End of year	<u>\$ 11,654,385</u>	<u>\$ 10,916,001</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 293,012</u>	<u>\$ 267,658</u>

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

HOPE INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 And 2020

(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, 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:

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 (83.21% and 81.87% as of December 31, 2021 and 2020, respectively) 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 a non-profit based in Zaporozhe, Ukraine, which HA controls.

Dignity Builders, a subsidiary of Homes for HOPE (**Note 13**), has a noncontrolling interest in HOPE Ukraine of 8.83% and 9.57% as of December 31, 2021 and 2020, respectively. Tomorrow Clubs International (**Note 13**), using funds borrowed from HA, has a noncontrolling interest in HOPE Ukraine of 7.96% and 8.56% as of December 31, 2021 and 2020, respectively.

HOPE INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

- (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 groups 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 groups 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 groups 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 Advancement (Rwanda) is a wholly owned entity registered in Rwanda as a for-profit foreign 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 groups 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 groups in Malawi.

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, 2021 And 2020

(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.

MICROFINANCE LOANS RECEIVABLE

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.

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.

HOPE INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

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 \$4,264,225 and \$3,912,517 of funds for investment as of December 31, 2021 and 2020, 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 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 (2018 – 2020) as well as the expected position of HOPE's 2021 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

HOPE Congo, HOPE Advancement Rwanda, 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, 2021, Urwego has deferred tax assets, primarily related to net loss carryforwards, of approximately \$277,000.

HOPE INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

CONTRIBUTIONS

HOPE records unconditional promises to give (pledges) as a receivable and revenue when the pledge is received. 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 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, 2021 And 2020

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 \$1,185,271, in these developing countries totaling \$14,744,727 and \$12,277,269, respectively. These entities have microfinance loans of \$26,614,470 and \$19,135,459 at December 31, 2021 and 2020, 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, 2021 with an original loan term greater than one year were approximately \$10,113,000 and \$1,013,000, 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, 2021 and 2020, was a decrease to net assets of \$155,160 and \$960,963, respectively.

HOPE INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

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, 2020, from which the summarized information was derived.

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.

The FASB issued a new accounting standard which is effective for HOPE on January 1, 2023, that will require the earlier recognition of credit losses on loans and other financial instruments based on an *expected loss* model. The standard also requires expanded credit quality disclosures, including credit quality indicators disaggregated by vintage, as applicable. HOPE is in the process of considering applicable required changes to loan loss methodologies and evaluating the impact of this new accounting standard.

(3) CONTRIBUTION RECEIVABLE

HOPE had pledges receivable totaling \$2,520,267 and \$1,672,858 at December 31, 2021 and 2020. The pledges receivable as of December 31, 2021 are expected to be collected within one year. The pledges receivable as of December 31, 2020 were all collected within one year.

(4) MICROFINANCE LOANS

HOPE, through majority 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, 2021 and 2020, by location consist of the following:

	<u>2021</u>	<u>2020</u>
Ukraine	\$ 1,482,730	\$ 1,094,923
Republic of Congo	5,855,163	4,854,244
Burundi	3,056,369	2,098,989
Rwanda	<u>17,595,240</u>	<u>13,590,638</u>
	27,989,502	21,638,794
Less: allowance for doubtful accounts	<u>1,375,032</u>	<u>2,503,335</u>
	<u>\$26,614,470</u>	<u>\$19,135,459</u>

HOPE INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

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.

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 \$19,513,451 and \$18,612,572 of client deposits as of December 31, 2021 and 2020 includes voluntary and compulsory savings.

The loan value of microfinance loans that were classified as nonperforming was \$772,389 and \$1,320,270 at December 31, 2021 and 2020 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, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	\$ 2,503,335	\$ 831,857
Provision for loan losses	(107,388)	1,951,965
Loans written off	(1,002,038)	(216,579)
Currency translation adjustment	<u>(18,877)</u>	<u>(63,908)</u>
	<u>\$ 1,375,032</u>	<u>\$ 2,503,335</u>

(5) LONG-TERM INVESTMENTS

A summary of investments at December 31, 2021 and 2020 is as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Money market funds	\$ 60,011	\$ 60,011	\$ 19,724	\$ 19,724
Fixed income:				
Domestic certificates of deposit	253,140	253,140	2,765,742	2,765,742
Foreign certificates of deposits	2,724,978	2,724,978	3,567,084	3,567,084
Foreign government bonds	2,034,399	2,034,399	1,782,051	1,782,051
Corporate bonds and commercial paper	1,992,302	2,095,136	2,569,172	2,688,109
Municipal bonds	646,991	675,750	705,026	708,868
U.S. government securities	259,183	260,648	260,619	272,272
Equities	306,399	296,479	336,788	343,845
Exchange traded funds	689,085	813,486	565,671	590,127
Mutual funds	11,895,998	11,912,888	7,537,475	7,616,930
Master limited partnerships	25,349	6,015	25,349	4,138
Mortgage receivable	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
	<u>\$21,187,835</u>	21,432,930	<u>\$20,434,701</u>	20,658,890
Less: short-term		<u>10,887,839</u>		<u>10,551,131</u>
Long-term investment		<u>\$10,545,091</u>		<u>\$10,107,759</u>

HOPE INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

Investments are comprised of the following net assets:

	<u>2021</u>	<u>2020</u>
Endowment assets:		
Board-designated for investment and operating reserve	\$ 4,264,225	\$ 3,912,517
Funds to be held in perpetuity	<u>4,706,257</u>	<u>4,467,715</u>
	8,970,482	8,380,232
General investments (short and long-term)	<u>12,462,448</u>	<u>12,278,658</u>
	<u>\$21,432,930</u>	<u>\$20,658,890</u>

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:

	<u>2021</u>	
	<u>Without Donor</u>	<u>With Donor</u>
	<u>Restrictions</u>	<u>Restrictions</u>
Dividends and interest	\$ 364,025	\$ 284,146
Net realized and unrealized gains (losses)	<u>(26,092)</u>	<u>125,106</u>
Return on investments	<u>\$ 337,933</u>	<u>\$ 409,252</u>
		<u>\$ 747,185</u>

Investment return for 2021 was comprised of the following:

Endowment	\$ 409,252
General	<u>337,933</u>
	<u>\$ 747,185</u>

	<u>2020</u>	
	<u>Without Donor</u>	<u>With Donor</u>
	<u>Restrictions</u>	<u>Restrictions</u>
Dividends and interest	\$ 461,356	\$ 230,903
Net realized and unrealized gains (losses)	<u>96,893</u>	<u>(48,124)</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>

HOPE INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

(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, 2021 and 2020, is as follows:

	<u>2021</u>		
	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Observable Inputs</u>
Investments			
Money market funds	\$ 60,011	\$ 60,011	\$ -
Fixed income:			
Domestic certificates of deposits	253,140	-	253,140
Foreign certificates of deposits	2,724,978	-	2,724,978
Foreign government bonds	2,034,399	-	2,034,399
Corporate bonds and commercial paper	2,095,136	-	2,095,136
Municipal bonds	675,750	-	675,750
U.S. government securities	260,648	-	260,648
Equities	296,479	296,479	-
Exchange traded funds	813,486	813,486	-
Mutual funds	11,912,888	11,912,888	-
Master limited partnership	6,015	6,015	-
Mortgage receivable	300,000	-	300,000
	<u>\$21,432,930</u>	<u>\$13,088,879</u>	<u>\$ 8,344,051</u>

HOPE INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

	2020		
	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Observable Inputs</u>
Investments			
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
U.S. government securities	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>

The carrying value of the mortgage receivable approximates fair value.

(7) PROPERTY

Property and equipment as of December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Equipment and computer software	\$ 5,159,109	\$ 4,734,428
Leasehold improvements	989,211	1,027,049
Rental properties		
Land	460,000	460,000
Buildings and improvements	2,815,000	2,815,000
Other	<u>148,126</u>	<u>105,366</u>
	9,571,446	9,141,843
Less: accumulated depreciation	<u>4,843,733</u>	<u>4,498,680</u>
	<u>\$4,727,713</u>	<u>\$4,643,163</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, 2021 And 2020

Depreciation expense was \$695,011 for the year ended December 31, 2021, of which \$76,466 is included within rental properties expense. Depreciation expense for the year ended December 31, 2020 was \$643,675 of which \$82,167 is included within rental properties.

(8) LOANS RECEIVABLE

Loans receivable as of December 31, 2021 and 2020 consisted of the following:

BORROWER	TERMS	Interest Rate	2021	2020
Center for Community Transformation (CCT)	Principal payments annually with maturity in March 2023	0%	\$ 39,378	\$ 59,066
Kaibigang Maaasahan Multi-purpose Coop (KMMC)	Principal payments annually with maturity in December 2023	0%	40,000	60,000
Tomorrow Clubs International	Due on demand	0%	200,000	200,000
Center for Community Transformation (CCT)	Interest due annually with principal due upon maturity in October 2022.	4.00%	235,125	250,239
Invest Credit (Moldova)	Interest due annually with principal due upon maturity in September 2022.	4.00%	291,630	301,031
Invest Credit (Moldova)	Interest paid annually with principal due upon maturity in September 2022.	2.00%	100,000	100,000
Invest Credit (Moldova)	Principal and interest due quarterly through November 2023	5.68%	66,616	100,344
Invest Credit (Moldova)	Interest due annually with principal due at maturity in March 2023	4.00%	279,667	-
Invest Credit (Moldova)	Interest due semi-annually with principal due at maturity in August 2024	10.93%	601,225	-
Invest Credit (Moldova)	Interest due semi-annually with principal due at maturity in November 2024	6.5%	399,446	-
Invest Credit (Moldova)	Principal due at maturity in November 2026	0%	49,931	-
			2,303,018	1,070,680
	Less: current portion		1,023,359	271,269
			1,279,659	799,411
	Less: allowance for doubtful accounts		237,633	112,697
			<u>\$ 1,042,026</u>	<u>\$ 686,714</u>

At December 31, 2021, loans receivable maturities were as follows:

<u>Year Ending December 31,</u>	<u>Amounts</u>
2022	\$ 1,023,359
2023	486,562
2024	743,166
2025	-
2026	49,931
	<u>\$ 2,303,018</u>

HOPE INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

(9) CLIENT DEPOSITS

Client deposits as of December 31, 2021 and 2020 consist of:

	<u>2021</u>	<u>2020</u>
Demand	\$18,585,280	\$17,716,738
Term	<u>928,171</u>	<u>895,834</u>
	<u>\$19,513,451</u>	<u>\$18,612,572</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 1 month to 2 years in duration and have interest rates ranging from 3% to 10%.

(10) NOTES PAYABLE

Notes payable as of December 31, 2021 and 2020 consisted of the following:

LENDER	TERMS	2021	2020
Hope Global Investment Various	Unsecured with rates varying from 0% to 5% with various due dates through November 2026.	\$2,556,424	\$2,103,230
HOPE Advancement Kiva	Unsecured zero interest rate loan due upon demand.	-	-
Arise Foundation	Unsecured zero interest rate loan due upon demand.	150,000	150,000
Urwego Kiva	Unsecured zero interest rate loan due upon demand.	1,321,377	929,255
Kiva	Unsecured zero interest rate loan due in September 2022.	272,375	403,479
Total loans payable		4,300,176	3,585,964
Less: current portion		<u>3,596,950</u>	<u>1,139,828</u>
		<u>\$ 703,226</u>	<u>\$2,446,136</u>

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

At December 31, 2021, notes payable maturities were as follows:

<u>Year Ending December 31,</u>	<u>Amounts</u>
2022	\$3,596,949
2023	464,030
2024	189,237
2025	-
2026	<u>49,960</u>
	<u>\$4,300,176</u>

HOPE INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

At December 31, 2021 and 2020, 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, 2021 and 2020. 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for a specified purpose:		
Programs		
Haiti	\$ 88,998	\$ -
Peru	-	4,530
Paraguay	49,791	31,113
Other Program	<u>267,308</u>	<u>130,528</u>
	406,097	166,171
Perpetual in nature		
HI Endowment	<u>4,706,257</u>	<u>4,467,715</u>
Total	<u>\$5,112,354</u>	<u>\$4,633,886</u>

During the year ended December 31, 2021 and 2020, net assets were released from donor restrictions by incurring expenses satisfying the following purposes:

	<u>2021</u>	<u>2020</u>
Programs		
Africa Region	\$ 163,798	\$ 182,892
Burundi	198,806	369,518
Dominican Republic	40,310	37,897
East Asia	300	86,350
Haiti	631,911	316,830
Malawi	358,210	95,260
Moldova	4,225	9,226
Paraguay	136,623	49,110
Peru	5,530	21,020
Philippines	800	181,949
Republic of Congo	15,978	257,635
Romania	925	-
Rwanda	667,045	567,084
South Asia	548,512	283,230
Ukraine	55,056	97,280
Zambia	30,325	10,500
Zimbabwe	43,300	18,750
Other Programs	4,049,325	4,298,436
HOPE Trips	2,400	400
Spiritual Integration	800	-
Other	<u>23,861</u>	<u>136,355</u>
	<u>\$6,978,040</u>	<u>\$7,019,722</u>

HOPE INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

Endowment net asset composition by type of fund as of December 31, 2021 and 2020:

	2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ 4,706,257	\$ 4,706,257
Board-designated for endowment and operating reserve	<u>4,264,225</u>	<u>-</u>	<u>4,264,225</u>
	<u>\$ 4,264,225</u>	<u>\$ 4,706,257</u>	<u>\$ 8,970,482</u>

	2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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>

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 2021 and 2020, 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, 2021 and 2020:

	2021		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,912,517	\$ 4,467,717	\$ 8,380,234
Investment return	67,498	341,754	409,252
Contributions	-	4,825	4,825
Transfers to Board-designated net assets	307,633	-	307,633
Less: Endowment income designated for current operations	<u>(23,423)</u>	<u>(108,039)</u>	<u>(131,462)</u>
	<u>\$ 4,264,225</u>	<u>\$ 4,706,257</u>	<u>\$ 8,970,482</u>

	2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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>

HOPE INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

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 \$307,633 and \$259,216 of contributions without donor restrictions in 2021 and 2020, respectively. Additionally, in 2020, HOPE designated \$508,759 as board-designated for 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, 2021, HOPE received \$400,000 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, 2021 and 2020, 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, 2021 and 2020. 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 \$282,824 and \$254,309 in 2021 and 2020, respectively.

HOPE INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

(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, 2021:

2022	\$ 662,400
2023	579,300
2024	519,200
2025	319,400
2026	129,100
Thereafter	<u>37,100</u>
Total	<u>\$ 2,246,500</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, 2021 and 2020, 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>2021</u>	<u>2020</u>
Financial Assets:		
Cash and cash equivalents	\$11,654,385	\$10,916,001
Contributions receivable	2,520,267	1,672,858
Short-term investments	10,887,839	10,551,131
Microfinance loans receivable and related interest	26,921,860	19,347,104
Current loans receivable and interest	1,023,359	271,269
Other receivable	641,751	638,112
Investments – non-current	<u>10,545,089</u>	<u>10,107,759</u>
Total financial assets available	64,194,550	53,504,234
Less:		
Net assets with donor restrictions	5,112,354	4,633,886
Board-designated net assets	<u>4,264,225</u>	<u>3,912,517</u>
Total financial assets available within one year	<u>\$54,817,971</u>	<u>\$44,957,831</u>

HOPE INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2021 And 2020

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 \$4,264,225 and \$3,912,517 as of December 31, 2021 and 2020, 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, July 6, 2022, have been evaluated in the preparation of the financial statements and management has determined that there is a subsequent event that would require disclosure or adjustment in the financial statements.

On February 24, 2022, Russia invaded Ukraine resulting in an enormous disruption to the daily lives of the Ukrainians and to the economic activity of Ukraine. Subsequent to the initial invasion, Russia has significantly escalated the war by attacking regions throughout Ukraine including the capital city of Kyiv. The Ukrainians have fought back and continue to resist the Russian advance, but as the war prolongs, the disruption to the economy continues with possible severe consequences to companies operating within Ukraine. HOPE Advancement has a majority-owned (83.21%) microfinance institution, HOPE Ukraine, operating within Ukraine. HOPE Ukraine has temporarily suspended lending in the south and east, with limited lending in the west. As such, it is not known as to the extent of any impairment on its outstanding loan receivables and on its future revenues from its lending business. HOPE Ukraine is continuing to pay its staff with the intent to continue its operations if and when the war and related issues are resolved. HOPE has no ability to discern when or if that will happen.

HOPE Ukraine's balance sheet at March 31, 2022 and December 31, 2021 are as follows:

	March 31, 2022	December 31, 2021
Assets		
Cash	\$ 279,191	\$ 123,659
Short-term investments	119,638	759,835
Loans receivable, net	1,591,483	1,445,826
Interest and other receivable	193,338	157,944
Other assets	<u>101,158</u>	<u>87,820</u>
Total	<u>\$ 2,284,809</u>	<u>\$ 2,575,084</u>
Liabilities		
Accounts payable and other liabilities	<u>\$ 135,590</u>	<u>\$ 137,484</u>
Net Assets		
Without donor restriction	1,788,363	2,028,327
Noncontrolling interest	<u>360,856</u>	<u>409,273</u>
Total	<u>2,149,219</u>	<u>2,437,600</u>
Total liabilities and net assets	<u>\$ 2,284,809</u>	<u>\$ 2,575,084</u>

SUPPLEMENTAL INFORMATION

HOPE INTERNATIONAL

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2021 With Summarized Information As Of December 31, 2020

	HOPE ADVANCEMENT											Consolidated	2020
	(a) HOPE International	Superior Land	HOPE Advancement	HGI	HOPE Congo	Turame	HOPE Ukraine	Urwego	(b) SGP	(c) Other	Eliminating Entries		
CURRENT ASSETS													
Cash and cash equivalents – US	\$ 686,788	\$ 10,001	\$ 1,247,447	\$ 67,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,011,801	\$ 822,312
Cash and cash equivalents – field	128,098	-	-	-	800,892	636,744	123,659	5,934,934	1,750,336	267,921	-	9,642,584	10,093,689
Contribution receivable	2,520,267	-	-	-	-	-	-	-	-	-	-	2,520,267	1,672,858
Short-term investments	7,766,671	-	-	-	776,987	348,936	759,835	415,930	819,480	-	-	10,887,839	10,551,131
Microfinance loans receivable, net	-	-	(318,000)	-	5,714,940	2,987,156	1,445,826	16,784,548	-	-	-	26,614,470	19,135,459
Loans receivable, net	-	-	429,688	1,932,202	-	-	-	-	-	-	(1,338,531)	1,023,359	271,269
Interest receivable	1	-	-	55,514	35,071	7,246	63,744	158,299	65	-	(12,550)	307,390	211,645
Other receivables	200,182	(21,288)	176	4,412	13,570	2,248	94,200	425,171	11,436	89,260	(177,616)	641,751	638,112
Prepaid expenses and other assets	785,584	-	-	-	9,617	44,468	28,493	(91,297)	22,881	6,152	-	805,898	785,995
Total Current Assets	12,087,591	(11,287)	1,359,311	2,059,693	7,351,077	4,026,798	2,515,757	23,627,585	2,604,198	363,333	(1,528,697)	54,455,359	44,182,470
NONCURRENT ASSETS													
Investments	8,906,882	-	-	-	-	-	-	1,638,209	-	-	-	10,545,091	10,107,759
Property and equipment, net	362,379	3,122,069	-	-	206,327	139,497	59,327	600,010	218,125	19,979	-	4,727,713	4,643,163
Other long-term assets	6,086	-	-	-	53,742	27,317	-	273,636	-	339	-	361,120	107,680
Loans receivable	-	-	5,309,257	858,706	-	-	-	-	-	-	(5,125,937)	1,042,026	686,714
Investment in subsidiary	(1)	-	13,447,737	-	-	-	-	-	-	-	(13,447,736)	-	-
Total Assets	<u>\$21,362,937</u>	<u>\$ 3,110,782</u>	<u>\$20,116,305</u>	<u>\$ 2,918,399</u>	<u>\$ 7,611,146</u>	<u>\$ 4,193,612</u>	<u>\$ 2,575,084</u>	<u>\$26,139,440</u>	<u>\$ 2,822,323</u>	<u>\$ 383,651</u>	<u>\$ (20,102,370)</u>	<u>\$71,131,309</u>	<u>\$ 59,727,786</u>
CURRENT LIABILITIES													
Accounts payable and accrued expenses	\$ 613,709	\$ -	\$ -	\$ 35,611	\$ 466,452	\$ 163,703	\$ 127,300	\$ 599,037	\$ 112,658	\$ 92,351	\$ (177,621)	\$ 2,033,200	\$ 2,021,184
Interest Payable	-	-	-	7,284	8,921	-	-	23,817	-	-	(12,550)	27,472	28,438
Unearned revenue	-	-	-	-	-	-	10,184	480,996	-	-	-	491,180	486,937
Current portion of notes payable	1	-	150,000	2,043,197	1,874,500	1,942,887	-	3,641,788	-	-	(6,055,423)	3,596,950	1,139,828
Client deposits	-	-	-	-	1,997,329	531,281	-	16,984,841	-	-	-	19,513,451	18,612,572
Security deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	613,710	-	150,000	2,086,092	4,347,202	2,637,871	137,484	21,730,479	112,658	92,351	(6,245,594)	25,662,253	23,388,959
NOTES PAYABLE	(1)	-	-	1,255,903	33,704	-	-	-	-	-	(586,380)	703,226	2,446,136
Total Liabilities	613,709	-	150,000	3,341,995	4,380,906	2,637,871	137,484	21,730,479	112,658	92,351	(6,831,974)	26,365,479	24,735,095
NET ASSETS													
Without donor restrictions													
Operations	11,372,649	3,110,782	19,966,305	(423,596)	3,230,240	793,428	2,028,327	4,395,189	2,709,665	291,300	(13,270,309)	34,203,980	25,334,341
Board-designated for endowment and operating reserve	4,264,225	-	-	-	-	-	-	-	-	-	-	4,264,225	3,912,517
Noncontrolling interest	-	-	-	-	-	762,313	409,273	13,772	-	-	(87)	1,185,271	1,111,947
With donor restrictions	5,112,354	-	-	-	-	-	-	-	-	-	-	5,112,354	4,633,886
Total Net Assets	20,749,228	3,110,782	19,966,305	(423,596)	3,230,240	1,555,741	2,437,600	4,408,961	2,709,665	291,300	(13,270,396)	44,765,830	34,992,691
Total Liabilities and Net Assets	<u>\$21,362,937</u>	<u>\$ 3,110,782</u>	<u>\$20,116,305</u>	<u>\$ 2,918,399</u>	<u>\$ 7,611,146</u>	<u>\$ 4,193,612</u>	<u>\$ 2,575,084</u>	<u>\$26,139,440</u>	<u>\$ 2,822,323</u>	<u>\$ 383,651</u>	<u>\$ (20,102,370)</u>	<u>\$71,131,309</u>	<u>\$ 59,737,786</u>

(a) Includes assets, liabilities and net assets of 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 HOPE Advancement Rwanda.

HOPE INTERNATIONAL

CONSOLIDATING STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2021 With Summarized Information For 2020

	HOPE ADVANCEMENT										Eliminating Entries	Consolidated	2020
	(a) HOPE International	Superior Land	HOPE Advancement	HGI	HOPE Congo	Turame	HOPE Ukraine	Urwego	(b) SGP	(c) Other			
SUPPORT AND REVENUE													
Contributions	\$ 25,634,811	\$ -	\$ 9,763,547	\$ -	\$ -	\$ -	\$ 54,570	\$ 520,540	\$ 4,905,931	\$ 649,708	\$ (17,033,808)	\$ 24,495,299	\$ 19,709,660
Contribution – rental property	-	-	-	-	-	-	-	-	-	-	-	-	3,275,000
Special events, net of direct expenses	3,498,162	-	-	-	-	-	-	-	-	(1,410)	-	3,496,752	3,322,499
Investment return designated for current operations	131,462	-	-	-	-	-	-	-	-	-	-	131,462	135,326
Interest income – microfinance loans	-	-	-	-	2,661,526	1,535,223	627,547	4,526,743	-	-	-	9,351,039	7,501,005
Other investment income	33,861	-	-	-	31,868	3,274	24,737	239,318	4,875	-	-	337,933	346,010
Rental revenue	2,400	255,450	-	-	-	-	-	-	-	-	-	257,850	273,007
Less expenses (including depreciation)	-	(77,227)	-	-	-	-	-	-	-	-	-	(77,227)	(102,240)
Net rental income	2,400	178,223	-	-	-	-	-	-	-	-	-	180,623	170,767
Equity interest in income of microfinance institutions	-	-	(2,462,313)	-	-	-	-	-	-	-	2,462,313	-	-
Other income	16,776	2	(2)	120,910	332,995	59,417	4,862	259,280	489	717,156	(750,096)	761,789	224,243
Total support and revenue	<u>29,317,472</u>	<u>178,225</u>	<u>7,301,232</u>	<u>120,910</u>	<u>3,026,389</u>	<u>1,597,914</u>	<u>711,716</u>	<u>5,545,881</u>	<u>4,911,295</u>	<u>1,365,454</u>	<u>(15,321,591)</u>	<u>38,754,897</u>	<u>34,684,510</u>
FUNCTIONAL EXPENSES													
Program services	21,482,938	-	5	99,052	3,015,023	1,393,675	685,851	4,922,480	3,748,954	1,114,401	(12,640,116)	23,822,263	23,294,300
Management and general	2,665,150	266,485	1,369	27,262	-	-	-	-	-	37,726	(269,194)	2,728,798	2,320,003
Fundraising	2,757,965	-	-	-	-	-	-	-	-	61,239	-	2,819,204	2,374,322
Total expenses	<u>26,906,053</u>	<u>266,485</u>	<u>1,374</u>	<u>126,314</u>	<u>3,015,023</u>	<u>1,393,675</u>	<u>685,851</u>	<u>4,922,480</u>	<u>3,748,954</u>	<u>1,213,366</u>	<u>(12,909,310)</u>	<u>29,370,265</u>	<u>27,988,825</u>
Excess (deficit) of revenues over expenses	<u>2,411,419</u>	<u>(88,260)</u>	<u>7,299,858</u>	<u>(5,404)</u>	<u>11,366</u>	<u>204,239</u>	<u>25,865</u>	<u>623,401</u>	<u>1,162,341</u>	<u>152,088</u>	<u>(2,412,281)</u>	<u>9,384,632</u>	<u>6,695,685</u>
OTHER CHANGES													
Investment return in excess of amounts designated for operations	277,790	-	-	-	-	-	-	-	-	-	-	277,790	259,692
Gain/(loss) on foreign currency transactions	9,491	-	-	(19,923)	(640)	(2,350)	(13,821)	235,091	36,355	9,339	-	253,542	315,479
Gain/(loss) on foreign currency translation	(9,235)	-	(137,481)	-	63,469	(45,405)	84,963	(140,756)	(27,284)	(6,388)	62,957	(155,160)	(960,963)
Gain/(loss) on disposal of assets	3,843	-	-	-	5,932	-	-	(420)	3,267	(287)	-	12,335	(28,573)
Total other changes	<u>281,889</u>	<u>-</u>	<u>(137,481)</u>	<u>(19,923)</u>	<u>68,761</u>	<u>(47,755)</u>	<u>71,142</u>	<u>93,915</u>	<u>12,338</u>	<u>2,664</u>	<u>62,957</u>	<u>388,507</u>	<u>(414,365)</u>
CHANGE IN NET ASSETS BEFORE PURCHASE OF EQUITY INTERESTS	<u>2,693,308</u>	<u>(88,260)</u>	<u>7,162,377</u>	<u>(25,327)</u>	<u>80,127</u>	<u>156,484</u>	<u>97,007</u>	<u>717,316</u>	<u>1,174,679</u>	<u>154,752</u>	<u>(2,349,324)</u>	<u>9,773,139</u>	<u>6,281,320</u>
Equity contribution by noncontrolling shareholder	-	-	-	-	-	-	52,305	-	-	-	(52,305)	-	-
CHANGE IN NET ASSETS	<u>2,693,308</u>	<u>(88,260)</u>	<u>7,162,377</u>	<u>(25,327)</u>	<u>80,127</u>	<u>156,484</u>	<u>149,312</u>	<u>717,316</u>	<u>1,174,679</u>	<u>154,752</u>	<u>(2,401,629)</u>	<u>9,773,139</u>	<u>6,281,320</u>
NET ASSETS													
Beginning of year	<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>
End of year	<u>\$ 20,749,228</u>	<u>\$ 3,110,782</u>	<u>\$ 19,966,305</u>	<u>\$ (423,596)</u>	<u>\$ 3,230,240</u>	<u>\$ 1,555,741</u>	<u>\$ 2,437,600</u>	<u>\$ 4,408,961</u>	<u>\$ 2,709,665</u>	<u>\$ 291,300</u>	<u>\$ (13,270,396)</u>	<u>\$ 44,765,830</u>	<u>\$ 34,992,691</u>

(a) Includes assets, liabilities and net assets of 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 HOPE Advancement Rwanda.