

# **HOPE INTERNATIONAL**

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

**DECEMBER 31, 2024 AND 2023**

# HOPE INTERNATIONAL

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## 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, 2024, 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, 2024, 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, Esperanza International, SMEP Microfinance Bank Limited and Urwego Bank PLC subsidiaries, which statements reflect total assets of \$73,705,497 as of December 31, 2024 and total support and revenues of \$18,758,683 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, Esperanza International, SMEP Microfinance Bank PLC 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, Esperanza International, SMEP Microfinance Bank PLC 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.

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

### **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 2023 consolidated financial statements, and our report dated June 5, 2024, 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, 2023, 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 30 and 31, 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  
August 19, 2025**

# HOPE INTERNATIONAL

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2024 And 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents		
Cash held in the US	\$ 3,633,824	\$ 1,937,054
Cash held in the field	12,696,248	10,892,623
Contribution receivable	3,940,609	2,317,910
Short-term investments	16,689,450	16,569,124
Microfinance loans receivable, net	42,575,855	40,202,359
Loans receivable, net	2,732,852	2,999,233
Interest receivable	1,742,614	2,357,342
Other receivables	4,957,530	1,929,753
Prepaid expenses and other assets	<u>3,036,905</u>	<u>1,524,886</u>
<b>Total Current Assets</b>	92,005,887	80,730,284
<b>NONCURRENT ASSETS</b>		
Investments	12,704,854	11,116,119
Property and equipment, net	8,852,584	7,853,219
Goodwill	781,579	911,842
Right of use asset	2,174,586	2,112,098
Other long-term assets	231,879	127,579
Loans receivable, net	4,294,763	2,626,167
Minority interest in net assets	<u>340,220</u>	<u>315,019</u>
<b>Total Assets</b>	<u>\$ 121,386,352</u>	<u>\$ 105,792,327</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 5,149,625	\$ 3,359,664
Interest payable	216,617	78,981
Unearned revenue	2,131,249	453,679
Operating lease liability	454,362	649,939
Notes payable	3,761,883	2,388,820
Client deposits	39,235,605	33,257,320
Security deposits and other liabilities	<u>59,611</u>	<u>17,723</u>
<b>Total Current Liabilities</b>	51,008,952	40,206,126
<b>NON-CURRENT LIABILITIES</b>		
Operating lease liability	1,938,394	1,690,880
Notes payable	<u>9,688,644</u>	<u>7,760,437</u>
<b>Total Liabilities</b>	<u>62,635,990</u>	<u>49,657,443</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated net assets	39,836,085	36,160,879
Board-designated reserve	6,640,583	5,354,555
Noncontrolling interest	<u>2,367,784</u>	<u>3,424,658</u>
<b>Total Net Assets Without Donor Restrictions</b>	48,844,452	44,940,092
Net assets with donor restrictions	<u>9,905,910</u>	<u>11,194,792</u>
<b>Total Net Assets</b>	<u>58,750,362</u>	<u>56,134,884</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 121,386,352</u>	<u>\$ 105,792,327</u>

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

# HOPE INTERNATIONAL

## CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2024 With Summarized Information For 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2023</u>
<b>SUPPORT AND REVENUE</b>				
Contributions and grants	\$26,421,202	\$ 8,654,172	\$35,075,374	\$32,200,990
Special events, net of direct expenses of \$1,233,674 and \$1,127,461 for 2024 and 2023	5,164,465	693,863	5,858,328	4,785,338
Investment return on endowment funds designated for current operations	66,128	133,205	199,333	174,015
Interest income – microfinance loans	16,687,725	-	16,687,725	11,187,862
Other investment income	1,392,148	-	1,392,148	766,761
Rental revenue	255,450	-	255,450	255,450
Less expenses (including depreciation)	<u>(77,251)</u>	<u>-</u>	<u>(77,251)</u>	<u>(77,527)</u>
Net rental income	178,199	-	178,199	177,923
Equity interest in income (loss) of Microfinance institutions	-	-	-	-
Other income	<u>648,583</u>	<u>-</u>	<u>648,583</u>	<u>638,244</u>
<b>Total support and revenue before net assets released from restrictions</b>	50,558,450	9,481,240	60,039,690	49,931,133
Net assets released from restrictions	<u>11,079,439</u>	<u>(11,079,439)</u>	<u>-</u>	<u>-</u>
<b>Total support and revenue</b>	<u>61,637,889</u>	<u>(1,598,199)</u>	<u>60,039,690</u>	<u>49,931,133</u>
<b>FUNCTIONAL EXPENSES</b>				
Program services	48,864,744	-	48,864,744	38,966,775
Management and general	4,553,135	-	4,553,135	4,277,811
Fundraising	<u>3,905,483</u>	<u>-</u>	<u>3,905,483</u>	<u>3,814,043</u>
<b>Total expenses</b>	<u>57,323,362</u>	<u>-</u>	<u>57,323,362</u>	<u>47,058,629</u>
<b>Excess of revenues over expenses</b>	<u>4,314,527</u>	<u>(1,598,199)</u>	<u>2,716,328</u>	<u>2,872,504</u>
<b>OTHER CHANGES</b>				
Investment return on endowment funds in excess of amounts designated for current operations	294,587	309,317	603,904	491,243
Net realized gain on foreign currency transactions	(244,305)	-	(244,305)	646,009
Loss on foreign currency translation	(494,387)	-	(494,387)	(2,465,010)
Gain (loss) on disposal of assets	<u>33,938</u>	<u>-</u>	<u>33,938</u>	<u>(1,938)</u>
<b>Total other changes</b>	<u>(410,167)</u>	<u>309,317</u>	<u>(100,850)</u>	<u>(1,329,696)</u>
<b>CHANGE IN NET ASSETS BEFORE ACQUISITIONS OF CONTROLLED ENTITIES</b>				
	3,904,360	(1,288,882)	2,615,478	1,542,808
Acquisitions of controlled entities	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,687,211</u>
<b>CHANGE IN NET ASSETS</b>	3,904,360	(1,288,882)	2,615,478	8,230,019
<b>NET ASSETS</b>				
Beginning of year	<u>44,940,092</u>	<u>11,194,792</u>	<u>56,134,884</u>	<u>47,904,865</u>
End of year	<u>\$48,844,452</u>	<u>\$ 9,905,910</u>	<u>\$58,750,362</u>	<u>\$56,134,884</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, 2024 And 2023

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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, 2022	\$ 36,872,395	\$ 121,491	\$ 36,993,886
Addition of net assets related to acquisition of microfinance institutions	3,098,621	3,588,590	6,687,211
Excess (deficit) of revenues over expenses	<u>1,544,418</u>	<u>(285,423)</u>	<u>1,258,995</u>
Change in net assets without donor restrictions	<u>4,643,039</u>	<u>3,303,167</u>	<u>7,946,206</u>
Net assets without donor restrictions, December 31, 2023	41,515,434	3,424,658	44,940,092
Excess (deficit) of revenues over expenses	<u>4,961,234</u>	<u>(1,056,874)</u>	<u>3,904,360</u>
Change in net assets without donor restrictions	<u>4,961,234</u>	<u>(1,056,874)</u>	<u>3,904,360</u>
Net assets without donor restrictions, December 31, 2024	<u>\$ 46,476,668</u>	<u>\$ 2,367,784</u>	<u>\$ 48,844,452</u>

# HOPE INTERNATIONAL

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2024

	Program Services			Management And General	Fundraising	Total
	Overseas Entities	United States Entities	Total			
Salaries	\$10,308,788	\$ 6,812,634	\$17,121,422	\$ 2,465,549	\$ 2,197,519	\$21,784,490
Payroll taxes	893,725	473,243	1,366,968	184,134	166,130	1,717,232
Employee benefits	884,215	1,780,235	2,664,450	565,919	549,138	3,779,507
Other staff expenses	727,055	404,398	1,131,453	185,324	70,050	1,386,827
Insurance	340,031	38,424	378,455	8,945	661	388,061
Professional services	1,826,224	2,562,099	4,388,323	193,467	233,764	4,815,554
Office expenses	3,222,744	297,299	3,520,043	237,800	65,778	3,823,621
Marketing	-	196,758	196,758	192,746	218,564	608,068
Travel	1,349,677	1,079,751	2,429,428	53,025	169,702	2,652,155
Finance expenses – interest and fees	2,490,434	234,405	2,724,839	174,595	743	2,900,177
Depreciation	982,664	89,866	1,072,530	92,959	6,676	1,172,165
Printing and reproduction	592,473	12,875	605,348	7,417	161,604	774,369
Loan loss reserve/(recapture), net	1,158,546	(139,575)	1,018,971	-	-	1,018,971
Training and Retreats	833,796	1,170,887	2,004,683	165,903	31,568	2,202,154
Other expenses	357,482	148,004	505,486	25,352	33,586	564,424
Grants to partners	4,011,268	2,146,919	6,158,187	-	-	6,158,187
Tax expense, net	<u>1,577,400</u>	<u>-</u>	<u>1,577,400</u>	<u>-</u>	<u>-</u>	<u>1,577,400</u>
Total	<u>\$31,556,522</u>	<u>\$17,308,222</u>	<u>\$48,864,744</u>	<u>\$ 4,553,135</u>	<u>\$ 3,905,483</u>	<u>\$ 57,323,362</u>

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

# HOPE INTERNATIONAL

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES – (Continued)

Year Ended December 31, 2023

	Program Services			Management And General	Fundraising	Total
	Overseas Entities	United States Entities	Total			
Salaries	\$ 8,408,854	\$ 5,892,057	\$14,300,911	\$ 2,217,197	\$ 1,875,699	\$18,393,807
Payroll taxes	740,486	423,264	1,163,750	176,772	143,291	1,483,813
Employee benefits	652,665	1,449,315	2,101,980	508,337	470,111	3,080,428
Other staff expenses	475,811	329,895	805,706	210,270	60,128	1,076,104
Insurance	142,608	33,693	176,301	7,845	731	184,877
Professional services	1,573,242	2,448,348	4,021,590	207,996	292,272	4,521,858
Office expenses	2,324,908	340,593	2,665,501	128,779	80,124	2,874,404
Marketing	156	78,419	78,575	167,271	526,153	771,999
Travel	1,105,631	1,127,500	2,233,131	151,388	182,460	2,566,979
Finance expenses – interest and fees	1,109,903	67,153	1,177,056	166,859	608	1,344,523
Depreciation	548,438	36,667	585,105	116,633	3,515	705,253
Printing and reproduction	310,246	16,283	326,529	4,162	123,630	454,321
Loan loss reserve/(recapture), net	374,373	702,022	1,076,395	-	-	1,076,395
Training and Retreats	708,045	744,891	1,452,936	185,081	30,628	1,668,645
Other expenses	177,433	23,636	201,069	29,221	24,693	254,983
Grants to partners	3,747,742	2,893,835	6,641,577	-	-	6,641,577
Tax expense, net	<u>(41,337)</u>	<u>-</u>	<u>(41,337)</u>	<u>-</u>	<u>-</u>	<u>(41,337)</u>
Total	<u>\$22,359,204</u>	<u>\$16,607,571</u>	<u>\$38,966,775</u>	<u>\$ 4,277,811</u>	<u>\$ 3,814,043</u>	<u>\$47,058,629</u>

# HOPE INTERNATIONAL

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2024 And 2023

	<u>2024</u>	<u>2023</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,615,478	\$ 8,230,019
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gain on investments	(646,737)	(274,781)
Loan loss (recapture) reserve, net	1,064,558	1,019,410
Acquisition of non-cash net assets of acquired non-profit entity	-	(2,792,311)
Depreciation	1,248,631	782,780
Gain (loss) on disposal of fixed assets	(34,259)	1,938
Amortization of right of use asset, net of payments on operating lease liability	(10,552)	30,531
Amortization of goodwill	130,263	-
Contributions restricted for endowment	(50,000)	(200)
Contributions of securities	(14,240)	(102,215)
Minority interest in net assets	(25,201)	92,886
(Increase) decrease in operating assets		
Contributions receivable	(1,622,699)	(234,597)
Interest receivable	614,728	1,479,151
Other receivables	(3,027,777)	(933,337)
Prepaid expenses and other assets	(1,511,827)	(431,986)
Other long-term assets	(104,300)	(2,057)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	1,789,961	(415,037)
Interest payable	137,636	24,748
Unearned revenue	1,677,570	(18,670)
Security deposits and other	41,888	17,723
Client deposits	5,978,285	(3,331,575)
<b>Net cash provided by operating activities</b>	<u>8,251,406</u>	<u>3,142,420</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,256,632)	(1,082,784)
Proceeds from sale of fixed assets	42,895	26,437
Purchase of investments	(13,028,845)	(19,623,030)
Proceeds from sale of investments	11,980,761	13,448,787
Cash acquired from acquisition of controlled microfinance entity, net of cash paid and non-controlling interest	-	2,823,957
(Issuance) and repayment of microfinance loans, net	(3,438,245)	(690,054)
Issuance of notes receivable	(3,676,442)	(4,512,544)
Repayment of notes receivable	2,274,227	1,311,938
<b>Net cash used in investing activities</b>	<u>(8,102,281)</u>	<u>(8,297,293)</u>
<b>FINANCING ACTIVITIES</b>		
Issuance and repayment of notes payable, net	3,301,270	3,193,678
Contributions restricted for endowments	50,000	200
<b>Net cash provided by financing activities</b>	<u>3,351,270</u>	<u>3,193,878</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	3,500,395	(1,960,995)
<b>CASH AND CASH EQUIVALENT</b>		
Beginning of year	<u>12,829,677</u>	<u>14,790,672</u>
End of year	<u>\$ 16,330,072</u>	<u>\$ 12,829,677</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	<u>\$ 92,594</u>	<u>\$ 198,029</u>

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

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 And 2023

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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 Benin, Burundi, the Dominican Republic, El Salvador, Guatemala, Haiti, Indonesia, Kenya, Malawi, Moldova, Paraguay, Peru, Philippines, the Republic of Congo, Romania, Rwanda, South Asia, Tanzania, Thailand, Uganda, 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 non-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 (97.14% and 96.55% as of December 31, 2024 and 2023, 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.

Dignity Builders, a subsidiary of Homes for HOPE (**Note 15**), has a noncontrolling interest in HOPE Ukraine of 2.86% and 3.45% as of December 31, 2024 and 2023, respectively.

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

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- (iii) International Esperanza Association, Inc. (Asociación Esperanza Internacional) (“**Esperanza**”) is a wholly owned entity providing microfinance services, registered in the Dominican Republic as a financial services nonprofit.
- (iv) SMEP Microfinance Bank Limited (“**SMEP**”) is a majority-owned (51.00%) microfinance institution registered in Kenya as a for-profit public limited company and is regulated by the Central Bank of Kenya.
- (v) 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.
- (vi) 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.
- (vii) 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.
- (viii) 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.
- (ix) 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.
- (x) 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.
- (xi) 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.
- (xii) 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.
- (xiii) HOPE Tanzania SGP is a wholly owned entity registered in Tanzania as a non-governmental organization which provides training and oversight in the creation and execution of savings groups in Tanzania.
- (xiv) HOPE Benin SGP is a wholly owned entity registered in Benin as a non-governmental organization which provides training and oversight in the creation and execution of savings groups in Benin.

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

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

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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 Financial Position.

#### ***INVESTMENTS***

Marketable securities are stated at their market value.

#### ***MICROFINANCE LOANS RECEIVABLE, ALLOWANCE FOR LOAN LOSSES AND RELATED INCOME***

Microfinance loans receivable are carried at amortized cost. Interest income on loans receivable is recognized using the effective interest rate method.

In general, the allowance for credit losses is based on the credit losses expected to arise over the life of the loan, unless there has been a significant increase in the credit risk since origination, in which case the allowance is based on the twelve months expected credit loss. The microfinance entities review their loan portfolios to assess impairment regularly to determine whether an impairment loss should be recorded by making judgements based on observable data indicating that there is a reasonable decrease in the estimated future cash flows from a portfolio of loans on economic conditions that correlate net defaults on loans. These entities use estimates based on historical loss experienced for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolios when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce difference between loss estimates and actual loss experience. The allowance is calculated on either an individual or a collective basis on the loans, depending upon the nature of the underlying loans and their credit risk characteristics. The microfinance entities hold collateral in the form of property and equipment and cash against certain of its outstanding loans.

Fees and commission income earned on services are recognized at an amount that reflects the consideration to which the microfinance institution expects to be entitled in exchange for providing the service. Depending upon the time period of the service provided, the income can be recognized at a point in time or over a period of time.

Loan commitment fees are recognized as an adjustment to the effective interest rate over the life of the loan. If the loan is not drawn down, the commitment fee is recognized over the commitment period.

#### ***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 estimates the allowance balance using available information relating to past events, current conditions and reasonable and supportable forecasts. Historical credit loss experience provided the basis for the estimation of expected credit losses. Adjustments to historical loss information such as delinquency levels, change in environmental conditions (political, foreign exchange) or other relevant factors. HOPE measures its allowance for credit losses on a collective basis based on geographic location.

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

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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.

### **IMPAIRMENT OF LONG-LIVED ASSETS**

Long-lived assets, such as goodwill and other property, are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset to be tested for possible impairment, HOPE first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the assets. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment loss is recognized to the extent that the carrying value exceeds fair value. For goodwill, HOPE performs an impairment assessment annually or more frequently if triggering events occur. There were no impairments for the year ended December 31, 2024.

### **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 \$6,640,583 and \$5,354,555 of funds for investment as of December 31, 2024 and 2023, respectively (**Note 14**). 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 14**).

### **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 (2021 – 2023) as well as the expected position of HOPE's 2024 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, SMEP, HOPE Ukraine and Urwego, as for-profit entities, pay taxes in the respective countries in which they are registered. Esperanza, HOPE Benin SGP, HOPE Burundi SGP, HOPE Haiti SGP, HOPE Malawi SGP, HOPE Tanzania SGP, HOPE Zambia SGP, HOPE Zimbabwe SGP and HOPE Hong Kong are exempt from income taxes.

# HOPE INTERNATIONAL

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

December 31, 2024 And 2023

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As of December 31, 2024 and 2023, several of the microfinance entities have net deferred tax assets of approximately \$462,000 and \$815,000, respectively, that may be used in future years to offset taxable income. Income tax provisions (refund) for the taxable entities amounted to approximately \$681,000 in 2024 and \$(148,000) in 2023.

### ***CONTRIBUTIONS***

HOPE recognizes contributions when cash, securities or other assets or an unconditional promise to give are received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions on which they depend have been met. HOPE reports gifts of cash and other assets 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 restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as “net assets released from restriction”. Restricted contributions and grants, whose restrictions expire in the year received are recorded as revenue without donor 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.

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

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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 also issues microfinance loans through five subsidiaries and maintains net assets in nine 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 \$2,367,784 and \$3,424,648, in these developing countries totaling \$23,881,803 and \$25,209,514, respectively. These entities have microfinance loans of \$42,575,855 and \$40,202,359 at December 31, 2024 and 2023, 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. HOPE hedges its foreign currency risk by entering into swap arrangements (*Note 8*).

**(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. Loans outstanding of the microfinance institutions as of December 31, 2024 and 2023 with an original loan term greater than one year were approximately \$29,015,469 and \$28,971,000, 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, 2024 and 2023, was a decrease to net assets of \$494,387 and \$2,465,010, respectively.

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

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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, 2023, from which the summarized information was derived.

### **RECLASSIFICATIONS**

Certain reclassifications were made to the 2023 financial statements to conform to the 2024 presentation.

### **(3) ACQUISITIONS**

In October 2023, the Central Bank of Kenya approved HOPE's purchase of 116,208,251 newly issued Class A shares which represents 51% ownership of SMEP Microfinance Bank PLC ("SMEP"), a microfinance institution. HOPE paid \$4,646,905 for its 51% interest in SMEP. As such, SMEP is included in the consolidated financial statements and the results of SMEP's operations from October 1st, 2023, the effective date of the acquisition, through December 31, 2023, are included in the Consolidated Statement of Activities for the year ended December 31, 2023. Based on the purchase price and the fair value of the assets and liabilities acquired, HOPE allocated \$911,842 to goodwill which is being amortized over seven years. Assets and liabilities at October 1, 2023 after the issuance of the new Class A stock, were as follows:

Assets	
Cash and cash equivalents	\$ 11,059,453
Loans receivable	9,853,305
Property and equipment	2,731,979
Other	<u>3,956,622</u>
Total	<u>\$ 27,601,359</u>
Liabilities	
Customer deposits	\$ 15,758,788
Other liabilities	<u>4,518,917</u>
Total liabilities	<u>\$ 20,277,705</u>
Net assets	<u>\$ 7,323,654</u>

Effective as of July 1, 2023, HOPE obtained control of Asociación Esperanza Internacional, Inc. ("Esperanza"), a non-profit organization located in the Dominican Republic. Esperanza control was obtained by revising the bylaws of Esperanza to enable HOPE to appoint members to the Board of Directors and also in its economic interest in Esperanza by providing the resources to support its operations. Esperanza's mission is to free families from poverty and share the hope of Christ through initiatives that generate economic income, education and health services, restoring their self-esteem, hope and dignity to families in the Dominican Republic, that have lost it. Its primary activity is to provide access to capital through a lending process, similar to HOPE's microfinance institutions. As a result of obtaining control, Esperanza is included in the consolidated financial statements and the results of operations from July 1, 2023 to December 31 2023 is included in the Consolidated Statement of Activity.

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

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Assets and liabilities of Esperanza at July 1, 2023 were as follows:

Assets	
Cash and cash equivalents	\$ 306,309
Investments	176,274
Loans receivable	3,287,570
Property and equipment	121,707
Other	<u>54,568</u>
Total	<u>\$ 3,946,428</u>
Liabilities	
Customer deposits	\$ 465,140
Other liabilities	<u>382,667</u>
Total liabilities	<u>\$ 847,807</u>
Net Assets	<u>\$ 3,098,621</u>

The change in net assets contained in the 2023 Consolidated Statement of Activity of HOPE'S acquisition of SMEP and Esperanza reflect the non-controlling interest (49%), \$3,588,590, of SMEP and the net assets, \$3,098,621, of Esperanza.

#### (4) CONTRIBUTION RECEIVABLE

HOPE had pledges receivable totaling \$3,940,609 and \$2,317,910 at December 31, 2024 and 2023. The pledges receivable as of December 31, 2024 are expected to be collected within one year. The pledges receivable as of December 31, 2023 were all collected within one year.

#### (5) MICROFINANCE LOANS

HOPE provides microfinance loans through majority owned microfinance institutions operating separately in Ukraine, the Republic of Congo, Kenya, the Dominican Republic and Rwanda. 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, 2024 and 2023, by location consist of the following:

	<u>2024</u>	<u>2023</u>
Ukraine	\$ 2,838,291	\$ 2,275,746
Republic of Congo	7,099,752	7,546,356
Kenya	9,173,269	12,217,794
Dominican Republic	3,783,055	3,477,237
Rwanda	<u>21,577,977</u>	<u>19,260,607</u>
	44,472,344	44,777,740
Less: allowance for doubtful accounts	<u>1,896,489</u>	<u>4,575,381</u>
	<u>\$ 42,575,855</u>	<u>\$ 40,202,359</u>

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

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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, Kenya, the Dominican Republic and Rwanda have a compulsory savings component. This savings requirement can be applied towards balances in default. The \$39,235,605 and \$33,257,320 of client deposits as of December 31, 2024 and 2023 includes voluntary and compulsory savings.

The loan value of microfinance loans that were classified as nonperforming was \$1,127,986 and \$4,326,562 at December 31, 2024 and 2023 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, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$4,575,381	\$ 1,516,519
Additions to loan loss reserve from net assets acquired	-	3,120,236
Provision for loan losses	1,382,558	619,815
Loans written off	(4,617,617)	(374,327)
Currency translation adjustment	<u>556,167</u>	<u>(306,862)</u>
	<u>\$1,896,489</u>	<u>\$ 4,575,381</u>

### (6) LONG-TERM INVESTMENTS

A summary of investments at December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Money market funds	\$ 77,518	\$ 43,970
Fixed income:		
Domestic certificates of deposit	2,000,000	250,000
Foreign certificates of deposits	9,428,266	8,278,461
Foreign government bonds	1,139,825	1,374,138
Corporate bonds and commercial paper	1,186,943	1,458,168
Municipal bonds	301,830	277,725
U.S. government securities	120,171	119,749
Equities	10,450	208,619
Exchange traded funds	2,566,010	1,135,116
Mutual funds	12,263,291	14,233,073
Master limited partnerships	-	6,224
Mortgage receivable	<u>300,000</u>	<u>300,000</u>
	29,394,304	27,685,243
Less: short-term	<u>16,689,450</u>	<u>16,569,124</u>
Long-term investment	<u>\$12,704,854</u>	<u>\$ 11,116,119</u>

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

Investments are comprised of the following net assets:

	<u>2024</u>	<u>2023</u>
Endowment assets:		
Board-designated for investment and operating reserve	\$ 6,640,583	\$ 5,354,555
Funds to be held in perpetuity	<u>4,825,358</u>	<u>4,466,041</u>
	11,465,941	9,820,596
General investments (short and long-term)	<u>17,928,363</u>	<u>17,864,647</u>
	<u>\$29,394,304</u>	<u>\$27,685,243</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 management in conjunction with the board monitors portfolio performance and the compliance of investment guidelines.

The following schedule summarizes total investment return:

	<u>2024</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Dividends and interest	\$ 1,636,369	\$ 268,150	\$ 1,904,519
Net realized and unrealized gains (losses)	<u>116,494</u>	<u>174,372</u>	<u>290,866</u>
Return on investments	<u>\$ 1,752,863</u>	<u>\$ 442,522</u>	<u>\$ 2,195,385</u>

Investment return for 2024 was comprised of the following:

Endowment	\$ 803,237
General	<u>1,392,148</u>
	<u>\$ 2,195,385</u>

	<u>2023</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Dividends and interest	\$ 1,056,468	\$ 247,623	\$ 1,304,091
Net realized and unrealized gains (losses)	<u>51,092</u>	<u>76,836</u>	<u>127,928</u>
Return on investments	<u>\$ 1,107,560</u>	<u>\$ 324,459</u>	<u>\$ 1,432,019</u>

Investment return for 2023 was comprised of the following:

Endowment	\$ 665,258
General	<u>766,761</u>
	<u>\$ 1,432,019</u>

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

### (7) 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, 2024 and 2023, is as follows:

	<u>2024</u>		
	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Observable Inputs</u>
<b>Investments</b>			
Money market funds	\$ 77,518	\$ 77,518	\$ -
Fixed income:			
Domestic certificates of deposit	2,000,000	-	2,000,000
Foreign certificates of deposits	9,428,266	-	9,428,266
Foreign government bonds	1,139,825	-	1,139,825
Corporate bonds and commercial paper	1,186,943	-	1,186,943
Municipal bonds	301,830	-	301,830
U.S. government securities	120,171	-	120,171
Equities	10,450	10,450	-
Exchange traded funds	2,566,010	2,566,010	-
Mutual funds	12,263,291	12,263,291	-
Mortgage receivable	300,000	-	300,000
	<u>\$29,394,304</u>	<u>\$14,917,269</u>	<u>\$14,477,035</u>

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

	<u>2023</u>		
	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Observable Inputs</u>
<b>Investments</b>			
Money market funds	\$ 43,970	\$ 43,970	\$ -
Fixed income:			
Domestic certificates of deposit	250,000	-	250,000
Foreign certificates of deposits	8,278,461	-	8,278,461
Foreign government bonds	1,374,138	-	1,374,138
Corporate bonds and commercial paper	1,458,168	-	1,458,168
Municipal bonds	277,725	-	277,725
U.S. government securities	119,749	-	119,749
Equities	208,619	208,619	-
Exchange traded funds	1,135,116	1,135,116	-
Mutual funds	14,233,073	14,233,073	-
Master limited partnership	6,224	6,224	-
Mortgage receivable	<u>300,000</u>	<u>-</u>	<u>300,000</u>
	<u>\$27,685,243</u>	<u>\$15,627,002</u>	<u>\$12,058,241</u>

The carrying value of the mortgage receivable approximates fair value.

### (8) DERIVATIVES

HOPE engages in derivative instruments, specifically swap arrangements to hedge against foreign currency risk. At December 31, 2024 and 2023, HOPE had 4 outstanding swap arrangements. The net difference between the unrealized appreciation (depreciation) of the swap arrangements are recorded in the financial statements. At December 31, 2024 and 2023, there was unrealized appreciation of approximately \$123,000 and \$36,000, respectively.

### (9) PROPERTY

Property and equipment as of December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 2,455,090	\$ 2,031,010
Equipment and computer software	11,408,831	9,600,630
Leasehold improvements	1,383,946	1,118,875
Rental properties		
Land	460,000	460,000
Buildings and improvements	2,815,000	2,815,000
Other	<u>51,441</u>	<u>206,515</u>
	18,574,308	16,232,030
Less: accumulated depreciation	<u>9,721,724</u>	<u>8,378,811</u>
	<u>\$ 8,852,584</u>	<u>\$ 7,853,219</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.

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

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.

Depreciation expense was \$1,248,631 for the year ended December 31, 2024, of which \$76,466 is included within rental properties expense. Depreciation expense for the year ended December 31, 2023 was \$782,780 of which \$76,466 is included within rental properties.

### (10) MINORITY INTEREST IN NET ASSETS

Minority interest in net assets represents HOPE's investment in microfinance institutions which are not majority owned. HOPE has a 14.99% interest in Turame which is carried at the equity basis of accounting. The carrying amount of the investment in Turame at equity was \$340,220 and \$315,019 as of December 31, 2024 and 2023, respectively.

### (11) LOANS RECEIVABLE

Loans receivable as of December 31, 2024 and 2023 consisted of the following:

<u>BORROWER</u>	<u>TERMS</u>	<u>Interest Rate</u>	<u>2024</u>	<u>2023</u>
Turame Community Finance, S.A.	Principal and interest payment semi-annually with maturity at various dates through October 2030	Ranges from 2.50% to 5.50%	\$ 1,766,243	\$ 397,464
Turame Community Finance, S.A.	Due on Demand	0%	1,632,600	1,310,362
Societate de Microfinantare IFN ROMCOM SA	Interest paid semi-annually with principal due upon maturity in December 2027	4.50%	1,031,929	1,094,162
Invest Credit (Moldova)	Various repayments - semi-annually interest only due upon maturities, principal and interest semi-annually, and principal and interest due upon maturity through September 2028.	Ranges from 0% to 13.00%	<u>3,597,672</u>	<u>3,963,815</u>
	Less: current portion		8,028,444	6,765,803
			<u>2,732,852</u>	<u>2,999,233</u>
	Less: allowance for doubtful accounts		5,295,592	3,766,570
			<u>1,000,829</u>	<u>1,140,403</u>
			<u>\$ 4,294,763</u>	<u>\$ 2,626,167</u>

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

At December 31, 2024, loans receivable maturities were as follows:

<u>Year Ending December 31,</u>	<u>Amounts</u>
2025	\$ 2,732,852
2026	580,100
2027	2,687,977
2028	2,013,570
2029	-
2030	<u>13,945</u>
	<u>\$ 8,028,444</u>

### (12) CLIENT DEPOSITS

Client deposits at microfinance institutions as of December 31, 2024 and 2023 consist of:

	<u>2024</u>	<u>2023</u>
HOPE Congo	\$ 3,146,096	\$ 3,054,702
Urwego	19,013,098	16,689,816
SMEP	16,744,819	13,109,067
Esperanza	<u>331,592</u>	<u>403,735</u>
	<u>\$39,235,605</u>	<u>\$33,257,320</u>

Demand deposits consist of both interest and non-interest bearing accounts. The interest rates are variable based on the client account balance maintained.

### (13) NOTES PAYABLE

Notes payable as of December 31, 2024 and 2023 consisted of the following:

<u>LENDER</u>	<u>TERMS</u>	<u>2024</u>	<u>2023</u>
<b>HOPE Global Investments</b> Various	Unsecured with rates varying from 0% to 5% with various due dates through January 2028.	\$9,184,294	\$5,998,933
<b>HOPE Advancement</b> 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.	554,708	262,438
Bank of Kigali	Call money loan with a rate of 10.40% due March 2025.	723,072	792,141
National Bank of Rwanda	Call money loan with a rate of 7.50% due April 2024.	-	197,796
<b>Esperanza</b> Kiva	Unsecured zero interest rate loan due upon demand.	87,659	105,917
Wofford College	Unsecured zero interest rate loan due in December 2025.	63,591	52,507
Edify	Unsecured zero interest rate loan due in December 2030.	71,462	75,652

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

LENDER	TERMS	2024	2023
<b>SMEP</b>			
Middle East Bank	Secured term loan with rate of 13.50% with various due dates through September 2028.	693,635	717,726
Sight Savers Risk Fund	Unsecured zero interest rate loan due in March 2025.	4,076	4,027
Co-operative Bank of Kenya Ltd	Secured term loan with rate of 11% with various due dates through November 2028.	1,755,010	1,695,142
Danish Church Aid	Unsecured zero interest rate loans with due dates in November 2025 and December 2028.	110,541	96,978
Rose Women’s Foundation	Unsecured zero interest rate loan due on demand.	52,479	-
Total loans payable		13,450,527	10,149,257
Less: current portion		<u>3,761,883</u>	<u>2,388,820</u>
		<u>\$ 9,688,644</u>	<u>\$ 7,760,437</u>

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

At December 31, 2024, notes payable maturities were as follows:

<u>Year Ending December 31,</u>	<u>Amounts</u>
2025	\$ 3,761,883
2026	1,199,618
2027	2,138,646
2028	5,864,550
2029 and thereafter	<u>485,830</u>
	<u>\$ 13,450,527</u>

At December 31, 2024 and 2023, HOPE has a secured line of credit of \$1,500,000 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, 2024 and 2023. 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 \$1,500,000 line of credit is subject to renewal annually and there is no expiration date.

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

### (14) NET ASSETS

Net assets with donor restrictions are available for the following purposes as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for a specified purpose:		
Programs		
Benin	\$ -	\$ 30,000
Dominican Republic	268,470	304,725
Paraguay	129,158	77,874
Ukraine	4,161,627	5,792,756
Zimbabwe	35,000	-
Other Programs	<u>486,297</u>	<u>523,396</u>
	5,080,552	6,728,751
Perpetual in nature		
HI Endowment	<u>4,825,358</u>	<u>4,466,041</u>
Total	<u>\$ 9,905,910</u>	<u>\$ 11,194,792</u>

During the year ended December 31, 2024 and 2023, net assets were released from donor restrictions by incurring expenses satisfying the following purposes:

	<u>2024</u>	<u>2023</u>
Programs		
Africa Region	\$ 191,302	\$ 378,694
Benin	483,000	-
Burundi	593,992	498,000
Dominican Republic	813,278	1,864,532
Haiti	177,566	157,461
Kenya	20,000	-
Malawi	539,870	269,800
Paraguay	757,088	241,644
Peru	25,225	40,500
Philippines	31,323	3,700
Republic of Congo	5,000	3,480
Rwanda	403,118	463,770
South Asia	433,278	249,936
Tanzania	60,050	583,629
Ukraine	2,489,728	3,434,849
Zambia	27,700	75,906
Zimbabwe	183,250	256,536
Other Programs	3,492,152	4,019,889
HOPE Trips	88,534	120,433
Other	<u>263,985</u>	<u>237,386</u>
	<u>\$ 11,079,439</u>	<u>\$ 12,900,145</u>

Endowment net asset composition by type of fund as of December 31, 2024 and 2023:

	<u>2024</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ 4,825,358	\$ 4,825,358
Board-designated for endowment and operating reserve	<u>6,640,583</u>	<u>-</u>	<u>6,640,583</u>
	<u>\$ 6,640,583</u>	<u>\$ 4,825,358</u>	<u>\$ 11,465,941</u>

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

	2023		<b>Total</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	
Donor restricted endowment funds	\$ -	\$ 4,466,041	\$ 4,466,041
Board-designated for endowment and operating reserve	<u>5,354,555</u>	<u>-</u>	<u>5,354,555</u>
	<u>\$ 5,354,555</u>	<u>\$ 4,466,041</u>	<u>\$ 9,820,596</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 2024 and 2023, interest and dividends earned on donor restricted endowment funds which are paid in cash are allocated 50% to operating funds 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, 2024 and 2023:

	2024		<b>Total</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	
Endowment net assets, beginning of year	\$ 5,354,555	\$ 4,466,041	\$ 9,820,596
Investment return	360,715	442,522	803,237
Contributions	491,441	50,000	541,441
Transfers to Board-designated net assets	500,000	-	500,000
Less: Endowment income designated for current operations	<u>(66,128)</u>	<u>(133,205)</u>	<u>(199,333)</u>
	<u>\$ 6,640,583</u>	<u>\$ 4,825,358</u>	<u>\$ 11,465,941</u>

	2023		<b>Total</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	
Endowment net assets, beginning of year	\$ 4,322,833	\$ 4,265,159	\$ 8,587,992
Investment return	340,799	324,459	665,258
Contributions	413,862	200	414,062
Transfers to Board-designated net assets	327,299	-	327,299
Less: Endowment income designated for current operations	<u>(50,238)</u>	<u>(123,777)</u>	<u>(174,015)</u>
	<u>\$ 5,354,555</u>	<u>\$ 4,466,041</u>	<u>\$ 9,820,596</u>

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 \$491,441 and \$413,862 of contributions without donor restrictions in 2024 and 2023, respectively.

# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

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### (15) RELATED PARTY TRANSACTIONS

During the years ended December 31, 2024 and 2023, HOPE received \$3,000,000 and \$1,000,000, respectively, in operating grants from Homes for HOPE (“H4H”), and such amounts are included in contributions in the Statement of Activities for the years then ended. 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. Dignity Builders, a subsidiary of Homes for HOPE, has a noncontrolling interest in HOPE Ukraine of 2.86% and 3.45% as of December 31, 2024 and 2023, respectively.

During the years ended December 31, 2024 and 2023, HOPE provided administrative services to H4H for which HOPE was reimbursed in the amount of \$22,947.

### (16) 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 \$484,742 and \$438,737 in 2024 and 2023, respectively.

### (17) COMMITMENTS & CONTINGENCIES

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

HOPE leases various facilities and equipment under operating lease agreements which expire at various dates through fiscal year 2032. All leases are operating leases. The following is a quantitative data related to the Company’s operating leases for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
<b>Operating Lease Amounts:</b>		
Right-of-use asset	\$2,174,586	\$2,112,098
Lease liability	2,392,756	2,340,819
<b>Other Information:</b>		
Operating outgoing cash flows for operating leases	\$1,049,694	\$ 741,575
Weighted-average remaining lease term	3.10 years	3.45 years
Weighted average discount rate	9.56%	9.24%

Lease cost information for the years ended June 30, 2024 and 2023 are as follows:

Operating lease costs*	<u>\$1,167,033</u>	<u>\$ 779,643</u>
*includes approximately \$40,000 of rent expense on month to month leases.		

Future lease payments at December 31, 2024:

2025	\$ 1,010,100
2026	719,933
2027	441,446
2028	251,428
2029	113,299
Thereafter	<u>173,419</u>
Total undiscounted cash flows	2,709,625
Less: present value adjustment	<u>(316,869)</u>
Lease liability	<u>\$ 2,392,756</u>

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# HOPE INTERNATIONAL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

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### **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.

### **RUSSIAN INVASION OF UKRAINE**

The war in Ukraine has continued since it began on February 24, 2022 which has caused enormous disruption to the daily lives of the Ukrainians and to the economic activity of Ukraine. HOPE Ukraine, a subsidiary of HOPE Advancement, continues to operate and has pivoted to other regions of Ukraine where the fighting is less severe. These efforts have led to significant growth throughout 2023 and 2024, resulting in the loan portfolio exceeding pre-invasion levels as of December 31, 2024. HOPE Ukraine is also planning for post-war growth in the hope of aiding in the country's rebuilding effort, though HOPE has no ability to discern when the war will conclude or what its outcome will be.

## **(18) FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

The following table reflects HOPE's financial assets as of December 31, 2024 and 2023, 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>2024</u>	<u>2023</u>
Financial Assets:		
Cash and cash equivalents	\$16,330,072	\$12,829,677
Contributions receivable	3,940,609	2,317,910
Short-term investments	16,689,450	16,569,124
Microfinance loans receivable and related interest	44,318,469	42,559,701
Current loans receivable	2,732,852	2,999,233
Other receivable	4,957,530	1,929,753
Investments – non-current	<u>12,704,854</u>	<u>11,116,119</u>
Total financial assets available	101,673,836	90,321,517
Less:		
Client deposits	39,235,605	33,257,320
Net assets with donor restrictions	9,905,910	11,194,793
Board-designated net assets	<u>6,640,583</u>	<u>5,354,555</u>
Total financial assets available within one year	<u>\$45,891,738</u>	<u>\$40,514,849</u>

# HOPE INTERNATIONAL

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

**December 31, 2024 And 2023**

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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 \$6,640,583 and \$5,354,555 as of December 31, 2024 and 2023, 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 \$1,500,000 which can be drawn upon if needed.

### **(19) SUBSEQUENT EVENTS**

Subsequent events after the date of the statement of financial position through the date that the financial statements were available for issuance, August 19, 2025, 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.

# **SUPPLEMENTAL INFORMATION**

# HOPE INTERNATIONAL

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2024 With Summarized Information As Of December 31, 2023

	HOPE ADVANCEMENT											Eliminating Entries	Consolidated	2023
	(a) HOPE International	HOPE Advancement	HGI	HOPE Congo	Esperanza	SMEP	HOPE Ukraine	Urwego	(b) SGP	(c) Other				
<b>CURRENT ASSETS</b>														
Cash and cash equivalents – US	\$ 2,864,514	\$ 543,843	\$ 225,467	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,633,824	\$ 1,937,054
Cash and cash equivalents – field	260,658	-	-	1,467,889	242,680	1,567,780	791,881	6,628,077	1,422,398	314,885	-	-	12,696,248	10,892,623
Contribution receivable	3,940,609	-	-	-	-	-	-	-	-	-	-	-	3,940,609	2,317,910
Short-term investments	7,341,566	-	-	1,742,172	84	6,665,615	333,141	20,449	199,999	386,424	-	-	16,689,450	16,569,124
Microfinance loans receivable, net	-	(318,000)	-	6,978,160	3,618,896	8,772,260	2,758,059	20,766,480	-	-	-	-	42,575,855	40,202,359
Loans receivable, net	-	2,548,181	2,127,185	-	-	-	-	-	-	-	-	(1,942,514)	2,732,852	2,999,233
Interest receivable	-	12,608	138,822	81,495	56,662	1,121,143	60,633	301,619	1,962	-	-	(32,330)	1,742,614	2,357,342
Other receivables	1,003,667	70,177	6,353	918	20,841	3,752,188	(2,046)	470,848	54,997	481,920	(902,333)	-	4,957,530	1,929,753
Prepaid expenses and other assets	1,268,609	-	-	158,831	47,919	1,318,657	26,604	68,372	124,581	23,332	-	-	3,036,905	1,524,886
<b>Total Curent Assets</b>	<b>16,679,623</b>	<b>2,856,809</b>	<b>2,497,827</b>	<b>10,429,465</b>	<b>3,987,082</b>	<b>23,197,643</b>	<b>3,968,272</b>	<b>28,255,845</b>	<b>1,803,937</b>	<b>1,206,561</b>	<b>(2,877,177)</b>	<b>92,005,887</b>	<b>80,730,284</b>	
<b>NONCURRENT ASSETS</b>														
Investments	11,484,648	-	-	-	-	80,381	-	1,139,825	-	-	-	-	12,704,854	11,116,119
Property and equipment, net	3,669,029	-	-	131,802	130,724	3,448,536	55,653	1,004,485	393,088	19,267	-	-	8,852,584	7,853,219
Goodwill	-	781,579	-	-	-	-	-	-	-	-	-	-	781,579	911,842
Right of use asset	331,715	-	-	350,806	227,595	656,212	36,938	452,372	107,195	11,753	-	-	2,174,586	2,112,098
Other long-term assets	463	-	-	64,904	25,631	122,189	-	-	18,445	247	-	-	231,879	127,579
Loans receivable	-	2,003,903	5,936,950	-	-	-	-	-	-	-	-	(3,646,090)	4,294,763	2,626,167
Investment in subsidiary	-	21,547,275	-	-	-	-	-	-	-	-	-	(21,547,275)	-	-
Minority Interest in net assets	-	340,220	-	-	-	-	-	-	-	-	-	-	340,220	315,019
<b>Total Assets</b>	<b>\$ 32,165,478</b>	<b>\$ 27,529,786</b>	<b>\$ 8,434,777</b>	<b>\$ 10,976,977</b>	<b>\$ 4,371,032</b>	<b>\$27,504,961</b>	<b>\$ 4,060,863</b>	<b>\$ 30,852,527</b>	<b>\$ 2,322,665</b>	<b>\$ 1,237,828</b>	<b>\$ (28,070,542)</b>	<b>\$121,386,352</b>	<b>\$105,792,327</b>	
<b>CURRENT LIABILITIES</b>														
Accounts payable and accrued expenses	\$ 1,798,049	\$ 70,002	\$ 97,760	\$ 812,717	\$ 17,749	\$ 2,081,197	\$ 34,954	\$ 693,552	\$ 147,092	\$ 298,887	\$ (902,334)	\$ 5,149,625	\$ 3,359,664	
Interest Payable	-	-	122,943	20,864	-	-	-	105,140	-	-	(32,330)	216,617	78,981	
Unearned revenue	-	-	-	-	6,344	-	639	2,124,266	-	-	-	2,131,249	453,679	
Operating lease liability	20,955	-	-	109,817	92,751	-	15,022	137,799	60,232	17,786	-	454,362	649,939	
Current portion of notes payable	-	150,000	2,198,293	1,600,107	151,250	900,140	-	1,735,551	-	-	(2,973,458)	3,761,883	2,388,820	
Client deposits	-	-	-	3,146,096	331,592	16,744,819	-	19,013,098	-	-	-	39,235,605	33,257,320	
Security Deposits and other liabilities	-	-	-	-	-	-	-	59,611	-	-	-	59,611	17,723	
<b>Total Curent Liabilities</b>	<b>1,819,004</b>	<b>220,002</b>	<b>2,418,996</b>	<b>5,689,601</b>	<b>599,686</b>	<b>19,726,156</b>	<b>50,615</b>	<b>23,869,017</b>	<b>207,324</b>	<b>316,673</b>	<b>(3,908,122)</b>	<b>51,008,952</b>	<b>40,206,126</b>	
<b>NON-CURRENT LIABILITIES</b>														
Operating lease liability	320,153	-	-	269,336	157,626	739,808	21,916	381,917	47,637	-	-	1,938,394	1,690,880	
Notes payable	-	-	7,597,594	1,297,424	71,461	2,465,601	-	1,499,999	-	-	(3,243,434)	9,688,644	7,760,437	
<b>Total Liabilities</b>	<b>2,139,157</b>	<b>220,002</b>	<b>10,016,590</b>	<b>7,256,361</b>	<b>828,773</b>	<b>22,931,565</b>	<b>72,531</b>	<b>25,750,933</b>	<b>254,961</b>	<b>316,673</b>	<b>(7,151,556)</b>	<b>62,635,990</b>	<b>49,657,443</b>	
<b>NET ASSETS</b>														
Without donor restrictions														
Undesignated net assets	13,479,828	27,309,784	(1,581,813)	3,720,616	3,542,259	2,332,432	3,877,266	5,085,840	2,067,704	921,155	(20,198,896)	39,836,085	36,160,879	
Board-designated reserve	6,640,583	-	-	-	-	-	-	-	-	-	-	6,640,583	5,354,555	
Noncontrolling interest	-	-	-	-	-	2,240,964	111,066	15,754	-	-	-	2,367,784	3,424,658	
With donor restrictions	9,905,910	-	-	-	-	-	-	-	-	-	-	9,905,910	11,194,792	
<b>Total Net Assets</b>	<b>30,026,321</b>	<b>27,309,784</b>	<b>(1,581,813)</b>	<b>3,720,616</b>	<b>3,542,259</b>	<b>4,573,396</b>	<b>3,988,332</b>	<b>5,101,594</b>	<b>2,067,704</b>	<b>921,155</b>	<b>(20,198,896)</b>	<b>58,750,362</b>	<b>56,134,884</b>	
<b>Total Liabilities and Net Assets</b>	<b>\$ 32,165,478</b>	<b>\$ 27,529,786</b>	<b>\$ 8,434,777</b>	<b>\$10,976,977</b>	<b>\$ 4,731,032</b>	<b>\$27,504,961</b>	<b>\$ 4,060,863</b>	<b>\$ 30,852,527</b>	<b>\$ 2,322,665</b>	<b>\$ 1,237,828</b>	<b>\$ (28,070,542)</b>	<b>\$121,386,352</b>	<b>\$105,792,327</b>	

(a) Includes assets, liabilities and net assets of Rwanda SGP and Superior Land.

(b) Includes assets, liabilities and net assets of Benin SGP, Burundi SGP, Haiti SGP, Malawi SGP, Tanzania 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

December 31, 2024 With Summarized Information As Of December 31, 2023

	HOPE ADVANCEMENT											Consolidated	2023
	(a) HOPE International	HOPE Advancement	HGI	HOPE Congo	Esperanza	SMEP	HOPE Ukraine	Urwego	(B) SGP	(c) Other	Eliminating Entries		
<b>SUPPORT AND REVENUE</b>													
Contributions	\$ 37,090,284	\$ 10,018,359	\$ -	\$ 49,533	\$ 955,396	\$ -	\$ 114,994	\$ 337,490	\$ 6,483,185	\$ 252,318	\$(20,226,185)	\$ 35,075,374	\$ 32,200,990
Special events, net of direct expenses	5,514,639	-	-	-	-	-	-	-	-	343,689	-	5,858,328	4,785,338
Investment return designated for current operations	199,333	-	-	-	-	-	-	-	-	-	-	199,333	174,015
Interest income – microfinance loans	-	-	-	3,792,940	1,268,467	4,984,067	458,433	6,183,818	-	-	-	16,687,725	11,187,862
Other investment income	122,106	(8,407,039)	430,505	7,094	15,681	680,531	9,714	181,726	3,359	28,752	8,319,719	1,392,148	766,761
Rental revenue	255,450	-	-	-	-	-	-	-	-	-	-	255,450	255,450
Less expenses (including depreciation)	(77,251)	-	-	-	-	-	-	-	-	-	-	(77,251)	(77,527)
Net rental income	178,199	-	-	-	-	-	-	-	-	-	-	178,199	177,923
Other income	306,289	2,916	4,179	82,421	80,344	-	2,674	139,175	14,033	1,539,882	(1,523,330)	648,583	638,244
<b>Total support and revenue</b>	<b>43,410,850</b>	<b>1,614,236</b>	<b>434,684</b>	<b>3,931,988</b>	<b>2,319,888</b>	<b>5,644,598</b>	<b>585,815</b>	<b>6,842,209</b>	<b>6,500,577</b>	<b>2,164,641</b>	<b>(13,429,796)</b>	<b>60,039,690</b>	<b>49,931,133</b>
<b>FUNCTIONAL EXPENSES</b>													
Program services	32,376,987	220,961	441,524	3,789,001	2,109,576	8,415,004	805,817	6,861,586	6,479,545	2,095,692	(14,730,949)	48,864,744	38,966,775
Management and general	4,713,957	1,528	41,475	-	-	-	-	-	-	52,265	(256,090)	4,553,135	4,277,811
Fundraising	3,806,611	-	-	-	-	-	-	-	-	98,872	-	3,905,483	3,814,043
<b>Total expenses</b>	<b>40,897,555</b>	<b>222,489</b>	<b>482,999</b>	<b>3,789,001</b>	<b>2,109,576</b>	<b>8,415,004</b>	<b>805,817</b>	<b>6,861,586</b>	<b>6,479,545</b>	<b>2,246,829</b>	<b>(14,987,039)</b>	<b>57,323,362</b>	<b>47,058,629</b>
<b>Excess (deficit) of revenues over expenses</b>	<b>2,513,295</b>	<b>1,391,747</b>	<b>(48,315)</b>	<b>142,987</b>	<b>210,312</b>	<b>(2,750,406)</b>	<b>(220,002)</b>	<b>(19,377)</b>	<b>21,032</b>	<b>(82,188)</b>	<b>1,557,243</b>	<b>2,716,328</b>	<b>2,872,504</b>
<b>OTHER CHANGES</b>													
Investment return in excess of amounts designated for operations	603,904	-	-	-	-	-	-	-	-	-	-	603,904	491,243
Gain/(loss) on foreign currency transactions	(10,897)	2	(31,243)	(111)	(29,284)	(702,042)	75,887	388,561	52,206	12,616	-	(244,305)	646,009
Gain/(loss) on foreign currency translation	60,166	(884,718)	(286,223)	(240,298)	(201,716)	1,281,101	(369,146)	(479,022)	(54,721)	(37,811)	718,001	(494,387)	(2,465,010)
Gain/(loss) on disposal of assets	18,041	-	-	-	-	-	(250)	-	15,953	194	-	33,938	(1,938)
<b>Total other changes</b>	<b>671,214</b>	<b>(884,716)</b>	<b>(317,466)</b>	<b>(240,409)</b>	<b>(231,000)</b>	<b>579,059</b>	<b>(293,509)</b>	<b>(90,461)</b>	<b>13,438</b>	<b>(25,001)</b>	<b>718,001</b>	<b>(100,850)</b>	<b>(1,329,696)</b>
<b>CHANGE IN NET ASSETS BEFORE ACQUISITIONS OF CONTROLLED ENTITIES</b>	<b>3,184,509</b>	<b>507,031</b>	<b>(365,781)</b>	<b>(97,422)</b>	<b>(20,688)</b>	<b>(2,171,347)</b>	<b>(513,511)</b>	<b>(109,838)</b>	<b>34,470</b>	<b>(107,189)</b>	<b>2,275,244</b>	<b>2,615,478</b>	<b>1,542,808</b>
Addition of net assets related to acquisitions of microfinance institutions	-	-	-	-	-	-	-	-	-	-	-	-	6,687,211
Equity contribution by controlling shareholder	-	-	-	-	-	-	1,500,000	-	-	-	(1,500,000)	-	-
<b>CHANGE IN NET ASSETS</b>	<b>3,184,509</b>	<b>507,031</b>	<b>(365,781)</b>	<b>(97,422)</b>	<b>(20,688)</b>	<b>(2,171,347)</b>	<b>986,489</b>	<b>(109,838)</b>	<b>34,470</b>	<b>(107,189)</b>	<b>775,244</b>	<b>2,615,478</b>	<b>8,230,019</b>
<b>NET ASSETS</b>													
Beginning of year	26,841,812	26,802,753	(1,216,032)	3,818,038	3,562,947	6,744,743	3,001,843	5,211,432	2,033,234	1,028,344	(21,694,230)	56,134,884	47,904,865
<b>End of year</b>	<b>\$ 30,026,321</b>	<b>\$ 27,309,784</b>	<b>\$ (1,581,813)</b>	<b>\$ 3,720,616</b>	<b>\$ 3,542,259</b>	<b>\$ 4,573,396</b>	<b>\$ 3,988,332</b>	<b>\$ 5,101,594</b>	<b>\$ 2,067,704</b>	<b>\$ 921,155</b>	<b>\$(20,918,986)</b>	<b>\$ 58,750,362</b>	<b>\$ 56,134,884</b>

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