MANY HOPES, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

WITH

INDEPENDENT AUDITOR'S REPORT

MANY HOPES, INC.

Table of Contents

	Page Numbers
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Functional Expenses	4 - 5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 12

220 Broadway
Suite 101
Lynnfield, MA 01940-2352
781-584-7600

KOKINOS WATERMAN PC

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Many Hopes, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of **Many Hopes, Inc.** (a non-profit corporation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Many Hopes, Inc**. as of June 30, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kokinos Waterman PC

Lynnfield, Massachusetts
May 5, 2022

MANY HOPES, INC.

Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 402,821	$ 400,255
Investments	1,582,737	1,417,856
Prepaid expenses	1,185	10,297
Total assets	**$ 1,986,743**	**$ 1,828,408**
Liabilities and Net Assets		
Accounts payable and accrued expenses	$ 4,800	$ 27,667
Total liabilities	4,800	27,667
Net assets		
Without donor restrictions - Operating	1,981,943	1,800,741
Total net assets without donor restrictions	1,981,943	1,800,741
Total liabilities and net assets	**$ 1,986,743**	**$ 1,828,408**

The accompanying notes are an integral part of these statements.

MANY HOPES, INC.

Statements of Activities and Change in Net Assets
For the Years Ended June 30, 2021 and 2020

	2021	2020
Changes in Net Assets Without Donor Restrictions		
Operating support and revenue		
Contributions	$ 1,343,270	$ 1,010,576
Investment income	23,694	23,952
Total unrestricted revenue and support	1,366,964	1,034,528
Expenses		
Program	777,783	250,740
Management and general	429,054	126,612
Fundraising	110,114	105,995
Total expenses	1,316,951	483,347
Excess of revenue and support over expenses	50,013	551,181
Net realized and unrealized gain (loss) from investments	131,189	(3,846)
Change in net assets	181,202	547,335
Net Assets		
Beginning of year	1,800,741	1,253,406
End of Year	**$ 1,981,943**	**$ 1,800,741**

The accompanying notes are an integral part of these statements.

MANY HOPES, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program	Management and general	Fundraising	Total
Compensation and related expenses				
Compensation	$ 30,315	$ 60,632	$ 60,632	$ 151,579
Payroll taxes	2,246	4,494	4,494	11,234
	32,561	65,126	65,126	162,813
Grants	716,944	-	-	716,944
Professional fees	-	321,954	-	321,954
Office	26,265	37,560	32,452	96,277
Advertising and promotion	-	-	9,239	9,239
Insurance	-	4,124	-	4,124
Travel	2,013	290	726	3,029
Events	-	-	2,571	2,571
	$ 777,783	**$ 429,054**	**$ 110,114**	**$ 1,316,951**

The accompanying notes are an integral part of these statements.

MANY HOPES, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program	Management and general	Fundraising	Total
Compensation and related expenses				
Compensation	$ 15,125	$ 30,250	$ 30,250	$ 75,625
Payroll taxes	1,334	2,669	2,669	6,672
	16,459	32,919	32,919	82,297
Grants	174,938	-	-	174,938
Office	28,914	45,058	33,466	107,438
Events	17,238	-	32,014	49,252
Professional fees	-	45,437	2,500	47,937
Travel	13,191	899	2,246	16,336
Advertising and promotion	-	-	2,850	2,850
Insurance	-	2,299	-	2,299
	$ 250,740	**$ 126,612**	**$ 105,995**	**$ 483,347**

The accompanying notes are an integral part of these statements.

MANY HOPES, INC.

Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 181,202	$ 547,335
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized (gains) losses from investments	(131,189)	3,846
Noncash donations	(25,431)	(854)
(Increase) decrease in operating assets		
Prepaid expenses	9,112	(8,857)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(22,867)	26,030
Net cash provided by operating activities	10,827	567,500
Cash flows from investing activities:		
Purchase of investments	(421,191)	(946,000)
Sale of investments	412,930	270,023
Net cash (used for) provided by investing activities	(8,261)	(675,977)
Net change in cash and cash equivalents	2,566	(108,477)
Cash and cash equivalents - beginning	400,255	508,732
Cash and cash equivalents - ending	**$ 402,821**	**$ 400,255**

The accompanying notes are an integral part of these statements.

1. OPERATIONS AND NONPROFIT STATUS

MANY HOPES, INC. (the Organization) is a Massachusetts non-profit corporation located in Bronxville, NY founded in November 2007. The Organization shall help to sustain, enhance and develop the resources, programs, and future expansion of organizations around the world that are rescuing, educating, and advocating for orphaned, abandoned, abused, or enslaved children. The Organization shall help to generate public awareness of, and funds for, the organizations, schools, orphanages and child rescue and rehabilitation programs and capital projects.

The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is also exempt from state income taxes. Donors may deduct contributions made to the Organization within the IRC regulations.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Recently Adopted Accounting Standard

In fiscal year 2019, the Organization adopted FASB's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* This ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents consist of checking, savings, and other short-term highly liquid investments. Although liquid, the money market funds in investments are excluded from cash.

Continued --

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Organization. The Organization has grouped its net assets without donor restrictions into the following category:

- Operating net assets consist of amounts relating to program and other operating activities and are available for operations.

Net Assets With Donor Restrictions

The Organization receives contributions and grants that are designated by donors for specific purposes. These contributions are recorded as net assets with donor restrictions until they are expended for their designated purposes. The Organization did not have any net assets with donor restrictions as of June 30, 2021 and 2020.

Statements of Activities and Change in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating support and revenue and operating expenses in the accompanying statements of activities and changes in net assets.

Revenue Recognition

Revenues from donor-restricted grants and contributions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions as costs are incurred. Contributions without donor restrictions are recognized when received or unconditionally pledged by the donor. All other revenue is recorded when its earned.

Expense Allocation

Expenses related to a program are distributed to that program, while other expenses are allocated based upon management's estimate of the percentage attributable to each program.

The financial statements contain certain categories of expenses that are attributable to program and supporting functions; therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Expenses that can be identified with a specific program service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by estimate of usage in each function.

Continued --

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

The Organization receives a substantial number of donated services. Many individuals volunteer their time and perform a variety of tasks that help the Organization accomplish its goals. These services do not meet the criteria for recognition as contributed services under the ASU Topic, *Accounting for Contributions Received and Contributions Made* and, accordingly, are not included in the accompanying financial statements.

Management Estimates

The preparation of financial statements in accordance with U.S. GAAP 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 those estimates.

Concentration of Credit Risk

The Organization maintains its cash and cash equivalents balances at various financial institutions in deposit accounts, which at times may exceed federally insured limits. The Organization believes it is not exposed to any significant credit risk on cash.

Fair Value Measurements for Financial Assets and Financial Liabilities

The Organization follows that accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements,* for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. The hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset development based on the best information available.

Continued --

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements for Financial Assets and Financial Liabilities (Continued)

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

> Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
>
> Level 2 – Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
>
> Level 3 – Inputs that are unobservable and which require significant judgement or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The only assets held by the Organization that are carried at fair value are cash and investments. Cash and investments are considered Level 1 in the fair value hierarchy.

Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes.* This standard clarifies the accounting for uncertainty in tax position and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2021 and 2020. The Organization's informational returns are subject to examination by Federal and state jurisdictions.

Reclassifications

Certain amounts and accounts from the prior year financial statements were reclassified to enhance comparability with the current year financial statements.

Subsequent Events

Subsequent events have been evaluated through May 5, 2022, which is date the financial states were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

3. INVESTMENTS

The following is a summary of investments at fair value as of June 30:

	2022	2021
Money market funds	$ 19,733	$ 418,382
Equity securities	16,127	--
Mutual funds, ETFs, and CEFs	1,420,686	814,988
Corporate fixed income	--	141,307
Government securities	126,191	43,179
	$ 1,582,737	$ 1,417,856

The following is a summary of the investment return activity for the years ended June 30:

	2022	2021
Realized gain (loss) on investments	$ 25,314	$ (33,332)
Unrealized gain (loss) on investments	105,875	29,486
Interest and dividend income	23,694	21,526
	$ 154,883	$ 17,680

Investments are not insured and are subject to ongoing market functions.

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for use by the Organization within one year from the statement of financial position date for general operating expenses are as follows:

Cash and cash equivalents	$ 402,821
Investments	1,582,737
Financial assets available to meet cash needs for general expenditures within one year	$ 1,985,558

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. As of June 30, 2021, the Organization has financial assets equal to approximately twelve months of operating expenses.

5. CONCENTRATION

For the year ended June 30, 2022 48% of the Organization's unrestricted contributions were from nine donors. For the year ended June 30, 2021 42% of the Organization's unrestricted contributions were from eight donors.

6. SUPPLEMENTAL CASH FLOWS INFORMATION

Cash paid for interest for the years ended June 30, 2021 and 2020, was zero. There was no unrelated business income tax paid during the years ended June 30, 2021 and 2020.