

**BOLD HOPE, INC.**

**FINANCIAL STATEMENTS**

For the Years Ended December 31, 2020 and 2019



**JEBRAN & ABRAHAM, PC**  
Certified Public Accountants and Business Consultants

BOLD HOPE, INC.  
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For the Years Ended December 31, 2020 and 2019

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# JEBRAN & ABRAHAM, P.C.

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## INDEPENDENT AUDITORS' REPORT

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The Board of Directors  
Bold Hope, Inc.  
Doylestown, Pennsylvania

We have audited the accompanying financial statements of Bold Hope, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, changes in net assets 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 audit. We conducted our audit 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 from 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 Bold Hope, Inc., Inc. as of December 31, 2020 and 2019, 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.

*Jebzan & Abraham, P.C.*  
New Britain, Pennsylvania  
March 3, 2022

**BOLD HOPE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
At December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 258,096	\$ 308,040
Other Receivables	34,464	9,000
Investments	864,333	872,164
Total Current Assets	<u>1,156,893</u>	<u>1,189,204</u>
<b>Property and Equipment</b>		
Vehicles	113,151	78,236
Building	45,088	31,000
Land	45,214	45,214
	<u>203,452</u>	<u>154,450</u>
Less accumulated depreciation	<u>(59,196)</u>	<u>(40,683)</u>
Net Property and Equipment	<u>144,256</u>	<u>113,767</u>
Total Assets	<u><u>\$ 1,301,149</u></u>	<u><u>\$ 1,302,971</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 11,650	\$ -
Total Current Liabilities	<u>11,650</u>	<u>-</u>
<b>Long-Term Liabilities</b>		
Note Payable SBA	150,000	-
Total Long-Term Liabilities	<u>150,000</u>	<u>-</u>
Total Liabilities	<u>161,650</u>	<u>-</u>
<b>Net Assets</b>		
Net assets without donor restriction	1,022,698	1,002,866
Net assets with donor restriction	116,801	300,105
Total Net Assets	<u>1,139,499</u>	<u>1,302,971</u>
Total Liabilities and Net Assets	<u><u>\$ 1,301,149</u></u>	<u><u>\$ 1,302,971</u></u>

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

**BOLD HOPE, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
For the Years Ended December 31, 2020 and 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Contributions	\$ 833,139	\$ -	\$ 833,139
Dividend and interest	18,856	-	18,856
Special events, net of expenses of \$518	55,647	-	55,647
Child sponsorships	288,778	-	288,778
Unrealized and realized gains on investments	(26,844)	-	(26,844)
Other	-	-	-
Released from restriction	183,304	(183,304)	-
<b>Total Revenues</b>	<b>1,352,880</b>	<b>(183,304)</b>	<b>1,169,576</b>
<b>Expenses</b>			
Program services	938,378	-	938,378
Supporting	394,671	-	394,671
<b>Total Expenses</b>	<b>1,333,048</b>	<b>-</b>	<b>1,333,048</b>
<b>Change in Net Assets</b>	<b>19,832</b>	<b>(183,304)</b>	<b>(163,472)</b>
<b>Net Assets, Beginning of Year</b>	<b>1,002,866</b>	<b>300,105</b>	<b>1,302,971</b>
<b>Net Assets, End of Year</b>	<b>\$ 1,022,698</b>	<b>\$ 116,801</b>	<b>\$ 1,139,499</b>

  

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Contributions	\$ 744,335	\$ 20,600	\$ 764,935
Dividend and interest	23,502	-	23,502
Special events, net of expenses of \$22,430	99,495	-	99,495
Child sponsorships	227,723	-	227,723
Unrealized and realized losses on investments	207,555	-	207,555
Other	1,406	-	1,406
Released from restriction	702,761	(702,761)	-
<b>Total Revenues</b>	<b>2,006,777</b>	<b>(682,161)</b>	<b>1,324,616</b>
<b>Expenses</b>			
Program services	977,228	69,825	1,047,053
Supporting	272,940	-	272,940
<b>Total Expenses</b>	<b>1,250,168</b>	<b>69,825</b>	<b>1,319,993</b>
<b>Change in Net Assets</b>	<b>756,609</b>	<b>(751,986)</b>	<b>4,623</b>
<b>Net Assets, Beginning of Year</b>	<b>246,257</b>	<b>1,052,091</b>	<b>1,298,348</b>
<b>Net Assets, End of Year</b>	<b>\$ 1,002,866</b>	<b>\$ 300,105</b>	<b>\$ 1,302,971</b>

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



**BOLD HOPE, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2020

	PROGRAM EXPENSES			SUPPORTING EXPENSES			
	World Outreach		Total Program Expenses	General & Administrative	Fundraising	Total Supporting Expenses	Total Expenses
	Without Donor Restrictions	With Donor Restrictions					
Advertising	\$ -	\$ -	\$ -	\$ 33,149	\$ -	\$ 33,149	\$ 33,149
Bank and Merchant Fees	3,000	-	3,000	10,364	-	10,364	13,363
Cargo Fees	-	-	-	-	-	-	-
Educational Development	35,950	-	35,950	-	-	-	35,950
Employee benefits	27,279	-	27,279	14,721	5,033	19,754	47,033
Fees, Fines and Taxes	-	-	-	2,144	-	2,144	2,144
Food	82,036	-	82,036	25	1,126	1,151	83,187
Insurance	-	-	-	4,345	-	4,345	4,345
Investment Fees	-	-	-	-	-	-	-
Legal and Professional Fees	-	-	-	9,865	300	10,165	10,165
Materials and Supplies	35,938	-	35,938	-	-	-	35,938
Meals and Entertainment	515	-	515	118	-	118	633
Medical Services and Supplies	5,275	-	5,275	-	-	-	5,275
Office	-	-	-	-	-	-	-
Office Rent and Utilities	-	-	-	36,376	-	36,376	36,376
Partner Support	159,826	-	159,826	-	-	-	159,826
Payroll taxes	26,388	-	26,388	12,570	-	12,570	38,958
Postage and mailing	114	-	114	871	929	1,801	1,914
Salaries	300,929	-	300,929	162,163	54,563	216,726	517,655
Subcontractors	174,057	-	174,057	7,502	-	7,502	181,559
Telephone and Internet	145	-	145	18,602	-	18,602	18,747
Travel	86,926	-	86,926	1,392	-	1,392	88,318
Sub-total	938,378	-	938,378	314,206	61,952	376,158	1,314,535
Depreciation	-	-	-	18,513	-	18,513	18,513
	<u>\$ 938,378</u>	<u>\$ -</u>	<u>\$ 938,378</u>	<u>\$ 332,719</u>	<u>\$ 61,952</u>	<u>\$ 394,671</u>	<u>\$ 1,333,048</u>

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

**BOLD HOPE, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2019

	PROGRAM EXPENSES			SUPPORTING EXPENSES			
	World Outreach		Total Program Expenses	General & Administrative	Fundraising	Total Supporting Expenses	Total Expenses
	Without Donor Restrictions	With Donor Restrictions					
Advertising	\$ -	\$ -	\$ -	\$ 6,199	\$ -	\$ 6,199	\$ 6,199
Bank and Merchant Fees	958	-	958	9,139	-	9,139	10,097
Educational Development	16,518	100	16,618	-	-	-	16,618
Employee benefits	17,523	-	17,523	7,092	1,185	8,277	25,800
Fees, Fines and Taxes	1,302	-	1,302	802	-	802	2,104
Food	39,101	13,387	52,488	27	-	27	52,515
Insurance	-	-	-	3,159	-	3,159	3,159
Investment Fees	-	-	-	8,044	-	8,044	8,044
Legal and Professional Fees	16	-	16	10,536	-	10,536	10,552
Materials and Supplies	31,594	15,417	47,011	12,990	1,210	14,200	61,211
Meals and Entertainment	1,019	-	1,019	2,713	128	2,841	3,860
Medical Services and Supplies	14,300	-	14,300	-	-	-	14,300
Office	-	-	-	9,133	-	9,133	9,133
Office Rent and Utilities	-	-	-	17,535	-	17,535	17,535
Partner Support	56,397	-	56,397	-	-	-	56,397
Payroll taxes	16,713	-	16,713	5,850	5,292	11,142	27,855
Postage and mailing	408	-	408	916	-	916	1,324
Salaries	286,576	-	286,576	76,384	61,397	137,781	424,358
Subcontractors	125,749	2,000	127,749	1,375	-	1,375	129,124
Telephone and Internet	1,425	-	1,425	3,350	-	3,350	4,775
Travel	367,629	38,921	406,550	1,320	100	1,420	407,970
Website	-	-	-	2,028	-	2,028	2,028
Sub-total	977,228	69,825	1,047,053	178,592	69,312	247,904	1,294,957
Depreciation	-	-	-	25,036	-	25,036	25,036
	<u>\$ 977,228</u>	<u>\$ 69,825</u>	<u>\$ 1,047,053</u>	<u>\$ 203,628</u>	<u>\$ 69,312</u>	<u>\$ 272,940</u>	<u>\$ 1,319,993</u>

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

**BOLD HOPE, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Schedule of Reconciling Increase (Decrease)</b>		
<b>in Net Assets to Net Cash Flows from</b>		
<b>Operating Activities</b>		
Increase (Decrease) in net assets	\$ (163,472)	\$ 4,623
Adjustments to reconcile net increase to		
net cash provided (used) by operating activities:		
Depreciation expense	18,513	25,036
Unrealized gains (losses)	26,844	(169,595)
Changes in operating assets and liabilities:		
Other receivables	(25,464)	(9,000)
Prepaid expenses	11,650	-
Net cash used by operating activities	<u>(120,279)</u>	<u>(148,936)</u>
<b>Cash Flow from Investing Activities</b>		
Purchase of vehicles	(49,002)	-
Purchase of investments	(240,496)	(791,374)
Proceeds from sale of investments	209,831	900,430
Net cash provided (used) by investment activities	<u>(79,667)</u>	<u>109,056</u>
<b>Cash Flow from Financing Activities</b>		
Proceeds from PPP funding	88,400	-
Forgiveness of PPP funding	(88,400)	-
Proceeds from loan	150,000	-
Net cash provided by financing activities	<u>150,000</u>	<u>-</u>
<b>Net Decrease in Cash</b>	(49,946)	(39,880)
<b>Cash, Beginning of the Year</b>	<u>308,040</u>	<u>347,921</u>
<b>Cash, End of the Year</b>	<u><u>\$ 258,096</u></u>	<u><u>\$ 308,040</u></u>

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



**BOLD HOPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2020 and 2019

**1. Nature of Organization**

Bold Hope, Inc., (the "Organization"), formerly known as Poverty Resolutions, Inc., is a non-profit corporation formed in the Commonwealth of Pennsylvania in 2010. Located in Doylestown Pennsylvania, the Organization's mission is to raise awareness about and eradicate poverty worldwide.

**2. Date of Management's Review**

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 3, 2022 the date that the financial statements were available to be issued.

**3. Summary of Significant Accounting Policies**

*Basis of Accounting*

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, revenues are recognized when earned and expenses are recorded when incurred.

The Organization follows the recommendations of the Financial Accounting Standards Board in its Accounting Standard Codification (ASC) No. 958, Not-for-Profit Organizations, formerly Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under ASC No. 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

*Cash and Cash Equivalents*

Cash equivalents include cash on hand and in banks. The Organization also considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

*Financial Statement Presentation*

Bold Hope, Inc. reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. There are no temporarily or permanently restricted net assets as of December 31, 2020 and 2019

*Investments*

Investments are stated at fair value with unrealized gains and losses on investments resulting from fair value fluctuations recorded in the statements of activities in the period that such fluctuations occur. Highly liquid interest-earning investments and time deposits with an original maturity of less than three months are classified as cash equivalents. Investment sales and purchases are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis.

BOLD HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2020 and 2019

3. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are carried at cost. Upon the sale or retirement of fixed assets, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in the results of operations.

Expenditures for maintenance and repairs necessary to maintain property and equipment in efficient operating condition are charged to operations. Expenditures which increase the useful lives of the assets are capitalized.

Fair Value of Financial Instruments

In determining the fair value of investments, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Organization determines fair value based on assumptions that market participants would use in pricing and asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date

Level 2 Inputs: Valuations based on observable inputs (other than Level 1 prices) such as quoted prices for similar assets at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly.

Level 3 Inputs: Valuations based on inputs that are unobservable and significant to the overall fair value measurement and involve management judgment.

Property and equipment - contributed

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Grants and Contributions

Contributions are generally available for unrestricted use in the related year received unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give, due in the next year, are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give, due in subsequent years, are reflected as long-term promise to give and are recorded at their net realizable value.

BOLD HOPE, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2020 and 2019

3. Summary of Significant Accounting Policies (continued)

Grants and Contributions (continued)

Grants and other contributions of cash and other assets are reported as temporarily 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Noncash Contributions and Volunteer Services

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that require specialized skills and would typically need to be purchased if not provided by donations, are recorded at fair values in the period received.

During the years ended December 31, 2020 and 2019, many individuals volunteered their time and performed a variety of tasks that assisted the Organization. These services either do not meet the criteria for recognition as volunteer services or the value of volunteer services meeting the requirement for recognition in the financial statements was not material and has not been recorded.

Management's Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 dates of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates.

Income Taxes

The Organization is a nonprofit organization and is classified as exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization is exempt from Pennsylvania state income taxes.

Adoption of New Accounting Pronouncement

The Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2019. This update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The change required by the update have been applied retrospectively to all periods presented. A key change required by the update is the net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.



**BOLD HOPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2020 and 2019

**4. Investments**

At December 31, 2020 and 2019, the Organization's investments consisted of the following and are all considered Level 1:

	2020 Carrying Value	2019 Carrying Value
Exchange Traded Funds	\$ 864,333	\$ 872,164
Total	<u>\$ 864,333</u>	<u>\$ 872,164</u>

**5. Property and Equipment**

The estimated useful lives used in the computation of depreciation of property and equipment and the related expense are as follows:

	Lives	December 31, 2020	2019
Vehicles	5yrs	\$ 18,513	\$ 25,036
Building	10-35 yrs	-	-
Land	-	-	-
Total		<u>\$ 18,513</u>	<u>\$ 25,036</u>

For the years ended December 31, 2020 and 2019, there was no depreciation taken on the building as construction was still in process.

**6. Liquidity and Availability of Financial Assets**

The following reflects the Organizations financial assets as of the date of the statement of financial positions. None of the financial assets are subject to donor restrictions that make them unavailable for general expenditures within one year of the statement of financial positions.

	2020	2019
Cash	\$ 258,096	\$ 308,040
	<u>\$ 258,096</u>	<u>\$ 308,040</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities and obligations come due.

**BOLD HOPE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2020 and 2019

**7. Operating Lease**

The Organization now leases its office facilities under a non-cancellable operating lease expiring in June 2023. The terms of the lease call for monthly payments of \$1,500 beginning in July 2020. The lease also calls for a month-to-month option if the Organization chooses to extend the lease at the conclusion of the original term. The terms of this extension are the same as the original terms, but with each party having the right to terminate at any time as long as the other party is given at least sixty days' notice.

The following is a schedule by year of minimum payments required under the lease:

For the years ending December 31:

2022	\$	18,000
2023		18,000
2024		<u>9,000</u>
	\$	<u><u>45,000</u></u>

**8. Contingency**

The Organization maintains its cash in bank accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts as of December 31, 2020 and 2019 and believes that they are not exposed to any significant credit risk on cash.

**9. COVID-19 Economic Injury Disaster Loans**

In July, 2020, the Company executed the standard loan documents required for securing a loan (the "EIDL Loan") from the SBA under its Economic Injury Disaster Loan ("EIDL") assistance program in light of the impact of the COVID-19 pandemic. The Company received a principal amount of \$150,000, with proceeds to be used for working capital purposes. Interest accrues at the rate of 3.75% per annum and will accrue only on funds actually advanced from the date of each advance. Installment payments, including principal and interest, are due monthly beginning July 2021 (twelve months from the date of the SBA Note). The balance of principal and interest is payable thirty years from the date of the SBA Note. In connection, the Company received a \$10,000 advance, which does not have to be repaid.

**10. PPP Loan**

The Company applied for and received a Paycheck Protection Program ("PPP") loan under a new federal program designed to support small businesses during the pandemic. The PPP loan program was part of The CARES Act, which was signed into law on March 27, 2020 and is being implemented by the SBA with cooperation from private banks. PPP loans may be fully or partially forgiven by application to the SBA if proceeds are expended based on federal guidelines. Management applied for the PPP loan to fund payroll and other allowable costs while the Company responded to government restrictions on business operations and anticipated reduced revenues from the economic downturn associated with the pandemic. A loan in the amount of \$88,400 was received and deposited on May 2020. Management applied for and was granted full forgiveness of \$88,400 in February 2021. The amount of \$88,400 is included on the statement of activities and changes in net assets.