

BOLD HOPE, INC.
FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020



JEBRAN & ABRAHAM, PC
Certified Public Accountants and Business Consultants

BOLD HOPE, INC.
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For the Years Ended December 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Bold Hope, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bold Hope, Inc. as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Bold Hope, Inc. 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Bold Hope, Inc.'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 Bold Hope, Inc.'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.

Jebran & Abraham, P.C.

New Britain, Pennsylvania

June 21, 2021

BOLD HOPE, INC.
STATEMENTS OF FINANCIAL POSITION
At December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash	\$ 276,269	258,096
Other Receivables	46,322	34,464
Investments	931,112	864,333
Total Current Assets	<u>1,253,703</u>	<u>1,156,893</u>
Property and Equipment		
Vehicles	167,142	113,151
Building	45,088	45,088
Land	45,214	45,214
	<u>257,444</u>	<u>203,452</u>
Less accumulated depreciation	<u>(86,599)</u>	<u>(59,196)</u>
Net Property and Equipment	<u>170,845</u>	<u>144,256</u>
Total Assets	<u><u>\$ 1,424,548</u></u>	<u><u>\$ 1,301,149</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ -	\$ 11,650
Accrued Expenses	8,424	-
Total Current Liabilities	<u>8,424</u>	<u>11,650</u>
Long-Term Liabilities		
Note Payable SBA	<u>150,000</u>	<u>150,000</u>
Total Long-Term Liabilities	<u>150,000</u>	<u>150,000</u>
Total Liabilities	<u>158,424</u>	<u>161,650</u>
Net Assets		
Net assets without donor restriction	1,184,378	1,022,698
Net assets with donor restriction	<u>81,746</u>	<u>116,801</u>
Total Net Assets	<u>1,266,124</u>	<u>1,139,499</u>
Total Liabilities and Net Assets	<u><u>\$ 1,424,548</u></u>	<u><u>\$ 1,301,149</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, 2021 and 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 1,022,655	\$ -	\$ 1,022,655
Dividend and interest	17,158	-	17,158
Special events, net of expenses of \$48,138	119,754	-	119,754
Child sponsorships	342,906	-	342,906
Unrealized and realized gains on investments	54,052	-	54,052
Other	115,435	-	115,435
In-kind	15,465	-	15,465
Released from restriction	35,055	(35,055)	-
Total Revenues	1,722,480	(35,055)	1,687,425
Expenses			
Program services	1,316,948	-	1,316,948
Supporting	243,852	-	243,852
Total Expenses	1,560,800	-	1,560,800
Change in Net Assets	161,680	(35,055)	126,625
Net Assets, Beginning of Year	1,022,698	116,801	1,139,499
Net Assets, End of Year	\$ 1,184,378	\$ 81,746	\$ 1,266,124

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 833,139	\$ -	\$ 833,139
Dividend and interest	18,856	-	18,856
Special events, net of expenses of \$22,430	55,647	-	55,647
Child sponsorships	288,778	-	288,778
Unrealized and realized losses on investments	(26,844)	-	(26,844)
Other	-	-	-
In-kind	-	-	-
Released from restriction	183,304	(183,304)	-
Total Revenues	1,352,880	(183,304)	1,169,576
Expenses			
Program services	938,378	-	938,378
Supporting	394,671	-	394,671
Total Expenses	1,333,048	-	1,333,048
Change in Net Assets	19,832	(183,304)	(163,472)
Net Assets, Beginning of Year	1,002,866	300,105	1,302,971
Net Assets, End of Year	\$ 1,022,698	\$ 116,801	\$ 1,139,499

The accompanying notes are an integral part of these financial statements

Bold Hope, Inc.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	PROGRAM EXPENSES			SUPPORTING EXPENSES			
	World Outreach		Total Program Expenses	General & Administrative	Fundraising	Total Supporting Expenses	Total Expenses
	Without Donor Restrictions	With Donor Restrictions					
Advertising	\$ -	\$ -	\$ -	\$ 16,286	\$ -	\$ 16,286	\$ 16,286
Bank and Merchant Fees	9	-	9	17,357	317	17,674	17,683
Educational Development	34,363	-	34,363	-	-	-	34,363
Employee benefits	32,799	-	32,799	3,278	779	4,057	36,856
Fees, Fines and Taxes	-	-	-	2,182	-	2,182	2,182
Food	103,520	-	103,520	-	-	-	103,520
Insurance	-	-	-	6,880	-	6,880	6,880
Investment Fees	-	-	-	6,648	-	6,648	6,648
Legal and Professional Fees	-	-	-	14,789	-	14,789	14,789
Materials and Supplies	43,800	-	43,800	-	-	-	43,800
Meals and Entertainment	382	-	382	1,897	-	1,897	2,279
Medical Services and Supplies	4,846	-	4,846	-	-	-	4,846
Office	7,711	-	7,711	8,697	-	8,697	16,408
Office Rent and Utilities	-	-	-	20,120	-	20,120	20,120
Partner Support	106,475	-	106,475	-	-	-	106,475
Payroll taxes	33,904	-	33,904	13,006	4,367	17,373	51,277
Postage and mailing	259	-	259	4,312	694	5,006	5,265
Salaries	518,004	-	518,004	60,084	14,617	74,701	592,705
Subcontractors	214,370	-	214,370	-	-	-	214,370
Telephone and Internet	-	-	-	3,504	-	3,504	3,504
Travel	216,506	-	216,506	3,324	867	4,191	220,697
Website	-	-	-	12,444	-	12,444	12,444
Sub-total	1,316,948	-	1,316,948	194,808	21,641	216,449	1,533,397
Depreciation	-	-	-	27,403	-	27,403	27,403
	<u>\$ 1,316,948</u>	<u>\$ -</u>	<u>\$ 1,316,948</u>	<u>\$ 222,211</u>	<u>\$ 21,641</u>	<u>\$ 243,852</u>	<u>\$ 1,560,800</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, 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
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
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 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 CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Schedule of Reconciling Increase (Decrease) in Net Assets to Net Cash Flows from Operating Activities		
Increase (Decrease) in net assets	\$ 126,625	\$ (163,472)
Adjustments to reconcile net increase to net cash provided (used) by operating activities:		
Depreciation expense	27,403	18,513
Unrealized gains (losses)	(54,052)	26,844
Forgiveness of PPP funding	(107,722)	(88,400)
Changes in operating assets and liabilities:		
Other receivables	(11,860)	(25,464)
Accounts payable	(11,650)	11,650
Accrued expenses	8,424	-
Net cash provided (used) by operating activities	<u>(22,832)</u>	<u>(220,329)</u>
Cash Flow from Investing Activities		
Purchase of vehicles	(53,992)	(49,002)
Purchase of investments	(12,727)	(228,843)
Proceeds from sale of investments	-	209,831
Net cash used by investment activities	<u>(66,719)</u>	<u>(68,014)</u>
Cash Flow from Financing Activities		
Proceeds from PPP funding	107,722	88,400
Proceeds from loan	-	150,000
Net cash provided by financing activities	<u>107,722</u>	<u>238,400</u>
Net Increase (Decrease) in Cash	18,171	(49,943)
Cash, Beginning of the Year	<u>258,096</u>	<u>308,040</u>
Cash, End of the Year	<u><u>\$ 276,269</u></u>	<u><u>\$ 258,096</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, 2021 and 2020

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 June 21, 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

The Organization is required to report information regarding its financial position and activities according to two classes of net assets with donor restrictions and without donor restrictions. The following classes of net assets are maintained:

Net assets without donor restrictions

The net assets without donor restrictions class includes assets available for the use in general operations of the Organization. The net assets without donor restrictions of the Organization may be used at the discretion of the Board of Directors to support the Organization's purposes and operations.

Net assets with donor restrictions

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors and include donations for a particular asset or program. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. When the contribution is used for the purpose intended or the passage of time has expired, the amount is released to net assets without donor restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

BOLD HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

3. Summary of Significant Accounting Policies (continued)

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.

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.

Grants and Contributions

Contributions are reported as support with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions restricted by the donor are reported as increases in net assets without donor restriction if the restriction expires in the reporting period in which the Organization recognized the contribution. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a 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 Restrictions.

BOLD HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

3. Summary of Significant Accounting Policies (continued)

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, 2021 and 2020, 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.

4. Investments

At December 31, 2021 and 2020, the Organization's investments consisted of the following and are all considered Level 1:

	2021 Carrying Value	2020 Carrying Value
Exchange Traded Funds	\$ 931,112	\$ 864,333
Total	<u>\$ 931,112</u>	<u>\$ 864,333</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,	
		2021	2020
Vehicles	5yrs	\$ 27,403	\$ 18,513
Building	10-35 yrs	-	-
Land	-	-	-
Total		<u>\$ 27,403</u>	<u>\$ 18,513</u>

For the years ended December 31, 2021 and 2020, there was no depreciation taken on the building as construction was still in process.

BOLD HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

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.

	<u>2021</u>	<u>2020</u>
Cash	\$ 276,269	\$ 258,096
Investments	<u>931,112</u>	<u>864,333</u>
	<u>\$ 1,207,381</u>	<u>\$ 1,122,429</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.

7. Note Payable SBA-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 January 2023 (thirty 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.

8. 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	<u>9,000</u>
	<u>\$ 27,000</u>

BOLD HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2021 and 2020

9. 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, 2021 and 2020 and believes that they are not exposed to any significant credit risk on cash.

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.

The Organization applied for a loan from the second round of the PPP Loan and they received \$107,722. Management applied for and was granted full forgiveness of this loan. The amount of \$107,722 is included on the statement of activities and changes in net assets.