

GROWING HOPE GLOBALLY
FINANCIAL STATEMENTS
AS OF MARCH 31, 2019 AND 2018
TOGETHER WITH AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Growing Hope Globally:

We have audited the accompanying financial statements of Growing Hope Globally (the Organization) (a nonprofit organization), which comprise the statement of financial position as of March 31, 2019 and 2018, and the related statements of activities, cash flows and functional expenses for the year 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.

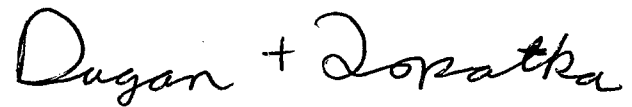
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

To the Board of Directors of
Growing Hope Globally
Page two

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Growing Hope Globally, as of March 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Dugan + Lopatka". The signature is written in a cursive, flowing style.

DUGAN & LOPATKA

Warrenville, Illinois
June 19, 2019

GROWING HOPE GLOBALLY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,012,732	\$ 3,312,523
Certificates of deposits - current	445,418	243,051
Accounts receivable	4,791	241
Member contribution receivable	338,771	215,241
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Total current assets	2,801,712	3,771,056
PROPERTY AND EQUIPMENT AT COST:		
Land	40,080	40,080
Furniture	10,846	10,614
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Total property and equipment at cost	50,926	50,694
Less: accumulated depreciation	6,365	6,755
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Net property and equipment	44,561	43,939
OTHER ASSETS:		
Certificates of deposits - long-term	408,997	-
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Total assets	<u>\$ 3,255,270</u>	<u>\$ 3,814,995</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 4,669	\$ 19,919
Accrued payroll and related withholdings	22,512	17,411
Deferred revenue	242,313	260,234
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Total current liabilities	269,494	297,564
CONTINGENCIES		
NET ASSETS:		
Without donor restrictions -		
Board designated	292,750	323,475
Undesignated	160,728	307,190
With donor restrictions	2,532,298	2,886,766
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Total net assets	2,985,776	3,517,431
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Total liabilities and net assets	<u>\$ 3,255,270</u>	<u>\$ 3,814,995</u>

The accompanying notes are an integral part of this statement.

GROWING HOPE GLOBALLY
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT, GAINS AND REVENUE:						
Member contributions	\$ 332,001	\$ -	\$ 332,001	\$ 384,775	\$ -	\$ 384,775
Contributions	459,447	1,844,770	2,304,217	510,799	2,244,498	2,755,297
Grant revenue	-	109,000	109,000	-	25,000	25,000
Investment income	11,562	-	11,562	3,296	-	3,296
Miscellaneous	-	-	-	-	-	-
Net assets released from restrictions	2,308,238	(2,308,238)	-	2,019,524	(2,019,524)	-
Total public support, gains and revenue	3,111,248	(354,468)	2,756,780	2,918,394	249,974	3,168,368
FUNCTIONAL EXPENSES:						
Program services -						
United States Growing Projects	423,352	-	423,352	472,917	-	472,917
Overseas Programs	2,261,419	-	2,261,419	2,100,008	-	2,100,008
Total program services	2,684,771	-	2,684,771	2,572,925	-	2,572,925
Management and general	373,019	-	373,019	222,648	-	222,648
Fundraising	230,645	-	230,645	215,600	-	215,600
Total functional expenses	3,288,435	-	3,288,435	3,011,173	-	3,011,173
CHANGE IN NET ASSETS	(177,187)	(354,468)	(531,655)	(92,779)	249,974	157,195
NET ASSETS, Beginning of year	630,665	2,886,766	3,517,431	723,444	2,636,792	3,360,236
NET ASSETS, End of year	\$ 453,478	\$ 2,532,298	\$ 2,985,776	\$ 630,665	\$ 2,886,766	\$ 3,517,431

The accompanying notes are an integral part of this statement.

GROWING HOPE GLOBALLY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (531,655)	\$ 157,195
Adjustments to reconcile change in total net assets to net cash provided by (used in) operating activities:		
Depreciation expense	1,561	1,571
(Increase) decrease in accounts receivable	(4,550)	1,140
(Increase) in member contributions receivable	(123,530)	(37,308)
Increase (decrease) in accounts payable	(15,250)	14,040
Increase (decrease) in accrued payroll and related withholdings	5,101	(13,858)
(Decrease) in deferred revenue	<u>(17,921)</u>	<u>(36,804)</u>
Net cash provided by (used in) operating activities	<u>(686,244)</u>	<u>85,976</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(611,364)	(2,464)
Proceeds from sale of investments	-	860,937
Purchase of fixed assets	<u>(2,183)</u>	<u>(3,271)</u>
Net cash provided by (used in) investing activities	<u>(613,547)</u>	<u>855,202</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,299,791)	941,178
CASH AND CASH EQUIVALENTS, beginning of year	<u>3,312,523</u>	<u>2,371,345</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,012,732</u>	<u>\$ 3,312,523</u>

The accompanying notes are an integral part of this statement.

GROWING HOPE GLOBALLY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2019

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>United States</u> Growing Projects	<u>Overseas</u> Programs	<u>Total Program</u>	<u>Management</u> and General	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 11,002	\$ 2,019,388	\$ 2,030,390	\$ -	\$ -	\$ 2,030,390
Salaries	266,104	140,474	406,578	124,364	148,292	679,234
Travel	29,948	50,848	80,796	3,652	2,749	87,197
Professional services	2,961	465	3,426	176,462	9,059	188,947
Benefits	40,827	24,945	65,772	16,963	33,528	116,263
Meeting cost	23,127	2,075	25,202	11,817	3,474	40,493
Payroll taxes	19,824	10,141	29,965	9,150	10,702	49,817
Printing	5,962	41	6,003	8,632	9,397	24,032
Occupancy	5,700	6,840	12,540	4,560	5,700	22,800
Telephone	5,674	3,195	8,869	1,203	1,271	11,343
Memberships	2,500	2,500	5,000	5,000	-	10,000
Supplies	1,436	295	1,731	1,740	247	3,718
Miscellaneous	250	-	250	646	-	896
Insurance	-	-	-	5,702	-	5,702
Postage and shipping	1,824	212	2,036	818	2,054	4,908
Depreciation expense	-	-	-	1,561	-	1,561
Education	-	-	-	749	4,172	4,921
Signage	6,213	-	6,213	-	-	6,213
Total functional expenses	\$ 423,352	\$ 2,261,419	\$ 2,684,771	\$ 373,019	\$ 230,645	\$ 3,288,435

The accompanying notes are an integral part of this statement.

GROWING HOPE GLOBALLY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2018

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>United States</u> <u>Growing</u> <u>Projects</u>	<u>Overseas</u> <u>Programs</u>	<u>Total Program</u>	<u>Management</u> <u>and</u> <u>General</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 20,150	\$ 1,791,428	\$ 1,811,578	\$ -	\$ -	\$ 1,811,578
Salaries	281,336	153,155	434,491	91,486	134,030	660,007
Travel	54,374	90,758	145,132	3,310	9,584	158,026
Professional services	1,707	915	2,622	66,988	7,042	76,652
Benefits	47,131	29,726	76,857	14,582	31,848	123,287
Meeting cost	18,249	4,267	22,516	11,411	1,877	35,804
Payroll taxes	21,037	11,327	32,364	6,793	9,862	49,019
Printing	6,671	188	6,859	2,288	11,873	21,020
Occupancy	4,500	9,000	13,500	4,500	4,500	22,500
Telephone	5,976	3,724	9,700	1,705	1,550	12,955
Memberships	2,500	2,500	5,000	5,000	100	10,100
Supplies	5,346	279	5,625	1,072	342	7,039
Miscellaneous	290	-	290	3,220	-	3,510
Insurance	-	2,500	2,500	6,098	-	8,598
Postage and shipping	2,703	241	2,944	1,001	1,508	5,453
Depreciation expense	-	-	-	1,571	-	1,571
Equipment	-	-	-	623	-	623
Education	-	-	-	1,000	1,484	2,484
Signage	947	-	947	-	-	947
Total functional expenses	\$ 472,917	\$ 2,100,008	\$ 2,572,925	\$ 222,648	\$ 215,600	\$ 3,011,173

The accompanying notes are an integral part of this statement.

GROWING HOPE GLOBALLY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES:

Growing Hope Globally (the Organization) is a not-for-profit organization located in Western Springs, Illinois. The Organization is a Christian, non-governmental humanitarian organization committed to international sustainable food security programs that are implemented through implementing member organizations. Implementing member organizations consist of a limited number of Christian denominational agencies that provide financial support for the administration of the Organization.

All overseas programming is the responsibility of the Organization's implementing members who propose, implement, monitor, complete, and report on the programs. The programs are implemented in-country directly by the member or a proven indigenous partner.

The financial statements were available to be issued on June 19, 2019, with subsequent events being evaluated through this date.

The following is a summary of the significant accounting policies applied by management in the preparation of the accompanying financial statements.

Basis of Accounting -

The Organization records its financial transactions and maintains its books and records on the accrual basis of accounting which recognizes revenue as it is earned and expenses as they are incurred.

Basis of Presentation -

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). Under GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets, which are without donor restrictions and with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations and may be expensed for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the board of directors. The Organization has designated \$292,750 and \$323,475 as operating reserve for future years.

With donor restrictions - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES: (Continued)

Concentrations of Credit Risk -

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash and deposits with high credit quality financial institutions.

Accounts Receivable -

Under the Organization's accounting policies, accounts are charged to bad debt expense when deemed uncollectible based upon a periodic review of the accounts by management. The review includes an evaluation of the financial condition and credit worthiness of entities from which it has recorded receivables. After all reasonable attempts to collect a receivable have failed, the amount is written off. Concentrations of credit risk with respect to contributions receivable exist because of the limited diversity of entities from which the Organization has recorded receivables. Member contributions receivable consist primarily of amounts receivable from members due in less than one year and are recognized at fair value in the year the promise is made.

Property and Equipment -

Property and equipment are carried at original cost or fair market value at date of receipt for donated assets less accumulated depreciation. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Deferred Revenue -

Deferred revenue consists of annual member contributions billed for management and general expenses as well as expenses associated with its programming. These member contributions are recognized over a calendar year.

Revenue and Support -

Contributions received are recorded as with donor restrictions or without donor restrictions support, depending on the existence and/or nature of any donor restrictions. 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 restriction and reported in the statement of activities as net assets released from restrictions.

The Organization periodically receives contributions in a form other than cash. If the Organization receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of the gift, provided that the value of the asset and its estimated useful life meets the capitalization policy. Other assets received as contributions are recorded and reflected in the financial statements at their estimated fair values at the date received.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES: (Continued)

Donated Services -

In 2019, the organization received \$33,000 of in-kind professional services for rebranding the Organization.

A number of volunteers have donated their services to the programs of the Organization. No amounts have been recognized for these donated services because the criteria for recognition under accounting principles generally accepted in the United States of America have not been satisfied.

Use of Estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

Income Taxes -

The Organization has been determined by the Internal Revenue Service to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been established.

The Organization files informational tax returns in the U.S. federal jurisdiction and several states. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2015. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

Functional Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, professional services, interest, depreciation, insurance, rent and utilities and others which are allocated on the basis of estimates of time and effort.

New Accounting Pronouncements -

During 2018, Growing Hope Globally adopted ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. This update to ASU 958 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 and investment return. Growing Hope Globally has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Reclassifications -

Prior year amounts have been reclassified to be consistent with current year presentation.

(2) NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions at March 31, 2019 and 2018 available for future periods consist of the following:

	<u>2019</u>	<u>2018</u>
Membership organization accounts	699,755	807,482
Land Purchase	6,525	6,775
Overseas Projects	<u>1,826,018</u>	<u>2,072,509</u>
Total net assets with donor restrictions	<u>\$ 2,532,298</u>	<u>\$ 2,886,766</u>

(3) LEASE COMMITMENTS:

The Organization leases its facilities in Western Springs, IL. The lease expires in March 2020.

Minimum lease payments due for the years ending March 31 are as follows:

2020	\$ 22,800
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Rent expense for the years ended March 31, 2019 and 2018, was \$22,800 and \$22,500, respectively.

(4) EMPLOYEE BENEFIT PLANS:

The Organization sponsors a Simplified Employee Pension Plan (SEP) retirement plan (the Plan) that covers all eligible employees. Employees are eligible to participate in the Plan immediately upon hire. Contributions are made monthly in accordance with the Plan. The Organization's contributions totaled approximately \$54,042 and \$64,328 during the years ended March 31, 2019 and 2018, respectively.

(5) LIQUIDITY AND AVAILABILITY:

	March 31,	
	<u>2019</u>	<u>2018</u>
Financial Assets -		
Cash	\$ 2,012,732	\$ 3,312,523
Certificates of deposits - current	445,418	243,051
Accounts receivable	4,791	241
Member contributions receivable	<u>338,771</u>	<u>215,241</u>
Total financial assets	2,801,712	3,771,056
Donor imposed restrictions	<u>2,532,298</u>	<u>2,886,766</u>

Financial assets available to meet cash needs for general expenditures that is without donor or other restrictions limiting their use within one year

<u>\$ 269,414</u>	<u>\$ 884,290</u>
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(5) LIQUIDITY AND AVAILABILITY: (Continued)

The Organization's goal is to generally maintain enough financial assets to meet 3 months of operating expenses. In 2018, the Organization invested approximately \$410,000 in several long-term certificates of deposits to enhance return on the assets. These funds are not included in the liquidity calculations above.