

**GROWING HOPE GLOBALLY**  
**FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 2020 AND 2019**  
**TOGETHER WITH AUDITOR'S REPORT**



Certified Public Accountants

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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, 2020 and 2019, and the related statements of activities, cash flows and functional expenses 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.

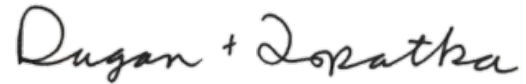
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

To the Board of Directors of  
Growing Hope Globally  
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*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, 2020 and 2019, 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 cursive script that reads "Dugan + Lopatka".

DUGAN & LOPATKA

Warrenville, Illinois  
June 22, 2020

GROWING HOPE GLOBALLY  
STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,770,316	\$ 2,012,732
Certificates of deposits - current	479,993	445,418
Accounts receivable	1,429	4,791
Member receivable	308,293	338,771
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Total current assets	2,560,031	2,801,712
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<b>PROPERTY AND EQUIPMENT AT COST:</b>		
Land	40,080	40,080
Furniture	7,912	10,846
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Total property and equipment at cost	47,992	50,926
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Less: accumulated depreciation	3,600	6,365
	<hr/>	<hr/>
Net property and equipment	44,392	44,561
	<hr/>	<hr/>
<b>OTHER ASSETS:</b>		
Certificates of deposits - long-term	378,848	408,997
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Total assets	\$ 2,983,271	\$ 3,255,270
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<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 194,706	\$ 4,669
Accrued payroll and related withholdings	37,255	22,512
Deferred revenue	231,220	242,313
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Total current liabilities	463,181	269,494
	<hr/>	<hr/>
<b>CONTINGENCIES</b>		
<b>NET ASSETS:</b>		
Without donor restrictions -		
Board designated	282,644	292,750
Undesignated	192,273	160,728
With donor restrictions	2,045,173	2,532,298
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Total net assets	2,520,090	2,985,776
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Total liabilities and net assets	\$ 2,983,271	\$ 3,255,270
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The accompanying notes are an integral part of this statement.

GROWING HOPE GLOBALLY  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT, GAINS AND REVENUE:</b>						
Member contributions	\$ 306,835	\$ -	\$ 306,835	\$ 332,001	\$ -	\$ 332,001
Contributions	543,967	1,626,620	2,170,587	459,447	1,844,770	2,304,217
Grant revenue	-	97,000	97,000	-	109,000	109,000
Investment income	19,425	-	19,425	11,562	-	11,562
Miscellaneous	25	-	25	-	-	-
Net assets released from restrictions	2,210,745	(2,210,745)	-	2,308,238	(2,308,238)	-
<b>Total public support, gains and revenue</b>	<b>3,080,997</b>	<b>(487,125)</b>	<b>2,593,872</b>	<b>3,111,248</b>	<b>(354,468)</b>	<b>2,756,780</b>
<b>FUNCTIONAL EXPENSES:</b>						
Program services -						
United States Growing Projects	459,881	-	459,881	423,352	-	423,352
Overseas Programs	2,226,135	-	2,226,135	2,261,419	-	2,261,419
<b>Total program services</b>	<b>2,686,016</b>	<b>-</b>	<b>2,686,016</b>	<b>2,684,771</b>	<b>-</b>	<b>2,684,771</b>
Management and general	211,679	-	211,679	373,019	-	373,019
Fundraising	161,863	-	161,863	230,645	-	230,645
<b>Total functional expenses</b>	<b>3,059,558</b>	<b>-</b>	<b>3,059,558</b>	<b>3,288,435</b>	<b>-</b>	<b>3,288,435</b>
<b>CHANGE IN NET ASSETS</b>	<b>21,439</b>	<b>(487,125)</b>	<b>(465,686)</b>	<b>(177,187)</b>	<b>(354,468)</b>	<b>(531,655)</b>
<b>NET ASSETS, Beginning of year</b>	<b>453,478</b>	<b>2,532,298</b>	<b>2,985,776</b>	<b>630,665</b>	<b>2,886,766</b>	<b>3,517,431</b>
<b>NET ASSETS, End of year</b>	<b>\$ 474,917</b>	<b>\$ 2,045,173</b>	<b>\$ 2,520,090</b>	<b>\$ 453,478</b>	<b>\$ 2,532,298</b>	<b>\$ 2,985,776</b>

The accompanying notes are an integral part of this statement.

GROWING HOPE GLOBALLY  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (465,686)	\$ (531,655)
Adjustments to reconcile change in total net assets to net cash (used in) operating activities:		
Depreciation expense	1,618	1,561
(Increase) decrease in accounts receivable	3,362	(4,550)
(Increase) decrease in member contributions receivable	30,478	(123,530)
Increase (decrease) in accounts payable	190,037	(15,250)
Increase in accrued payroll and related withholdings	14,743	5,101
(Decrease) in deferred revenue	<u>(11,093)</u>	<u>(17,921)</u>
Net cash (used in) operating activities	<u>(236,541)</u>	<u>(686,244)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(4,426)	(611,364)
Proceeds from fixed assets	460	-
Purchase of fixed assets	<u>(1,909)</u>	<u>(2,183)</u>
Net cash (used in) investing activities	<u>(5,875)</u>	<u>(613,547)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(242,416)	(1,299,791)
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,012,732</u>	<u>3,312,523</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,770,316</u>	<u>\$ 2,012,732</u>

The accompanying notes are an integral part of this statement.

GROWING HOPE GLOBALLY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2020

	Program Services			Supporting Services		Total
	United States Growing Projects	Overseas Programs	Total Program	Management and General	Fundraising	
Grants	1,500	2,035,011	\$ 2,036,511	-	-	\$ 2,036,511
Salaries	289,479	122,506	411,985	90,610	108,624	611,219
Travel	48,707	23,581	72,288	2,703	2,154	77,145
Professional services	7,472	94	7,566	60,105	4,632	72,303
Benefits	41,628	23,871	65,499	13,304	20,828	99,631
Meeting cost	13,089	2,913	16,002	6,843	2,602	25,447
Payroll taxes	18,389	7,956	26,345	6,230	7,116	39,691
Printing	15,266	131	15,397	2,205	5,612	23,214
Occupancy	6,742	4,494	11,236	4,494	6,742	22,472
Telephone	5,198	2,762	7,960	1,301	1,938	11,199
Memberships	78	-	78	2,500	-	2,578
Supplies	765	98	863	1,315	176	2,354
Miscellaneous	250	-	250	1,292	1	1,543
Insurance	-	2,500	2,500	4,474	-	6,974
Postage and shipping	5,056	169	5,225	1,157	768	7,150
Depreciation expense	-	-	-	1,618	-	1,618
Equipment	49	49	98	123	-	221
Education	-	-	-	11,405	670	12,075
Signage	6,213	-	6,213	-	-	6,213
Total functional expenses	\$ 459,881	\$ 2,226,135	\$ 2,686,016	\$ 211,679	\$ 161,863	\$ 3,059,558

The accompanying notes are an integral part of this statement.

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

	Program Services			Supporting Services		
	United States Growing Projects	Overseas Programs	Total Program	Management and General	Fundraising	Total
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
Equipment	-	-	-	-	-	-
Education	-	-	-	749	4,172	4,921
Signage	6,213	-	6,213	-	-	6,213
Total functional expenses	<u>\$ 423,352</u>	<u>\$ 2,261,419</u>	<u>\$ 2,684,771</u>	<u>\$ 373,019</u>	<u>\$ 230,645</u>	<u>\$ 3,288,435</u>

The accompanying notes are an integral part of this statement.



GROWING HOPE GLOBALLY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019

(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 22, 2020, 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 \$282,644 and \$292,750 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.

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 receivable consist primarily of amounts from members due in less than one year and are recognized at fair value in the year the membership period begins.

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.

Member contributions -

The Organization recognizes revenue from members over the time frame when performance obligations occur, which is generally one year. The performance obligation for member contributions assures access to grants that are awarded by the Organization. The Organization only awards grants to members. The member contributions are used to cover management and general expenses as well as expenses associated with its programming.

Revenue Recognition for Contributions and Grants -

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or a purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

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

Revenue Recognition for Contributions and Grants - (Continued)

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.

Donated Services -

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 2016. 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.

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

New Accounting Pronouncements -

Effective April 1, 2019, the Organization adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), and all subsequently issued clarifying ASU's which replaced most existing revenue recognition guidance in generally accepted accounting principles in the United States of America (GAAP). The new guidance requires the Organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The new guidance also requires expanded disclosures related to the nature, amount, timing, and uncertainty of revenue and cashflows arising from contracts with customers. The adoption of this new guidance was done using the modified retrospective method. The Organization applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of April 1, 2019.

Also, effective April 1, 2019, The Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update provided guidance to assist in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and determining whether a contribution is conditional. The ASU has been retroactively applied to all periods presented.

The adoption of these new standards did not result in a material impact to the Organization's financial statements. There was no significant effect on the financial statements related to the adoption of these new standards which would require a cumulative adjustment to net assets at the date of adoption under the modified retrospective method.

(2) REVENUE FROM CONTRACTS WITH MEMBERS:

The following table provides information about significant changes in deferred revenue (or contract liabilities) as of March 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Deferred revenue, beginning of the year	\$ 242,313	\$ 260,234
Revenue recognized that was included in deferred revenue at the beginning of the year	(242,313)	(260,234)
Increase in deferred revenue due to cash received during the year	<u>231,220</u>	<u>242,313</u>
Deferred revenue, end of the year	<u>\$ 231,220</u>	<u>\$ 242,313</u>

(3) NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions at March 31, 2020 and 2019 available for future periods consist of the following:

	<u>2020</u>	<u>2019</u>
Membership organization accounts	657,990	699,755
Land Purchase	6,275	6,525
Overseas Projects	<u>1,380,908</u>	<u>1,826,018</u>
Total net assets with donor restrictions	<u>\$ 2,045,173</u>	<u>\$ 2,532,298</u>

(4) LEASE COMMITMENTS:

The Organization leases its facilities in Western Springs, IL. The lease expired in March 2020 and now operates on a month-to-month basis.

Rent expense for the years ended March 31, 2020 and 2019, was \$22,472 and \$22,800, respectively.

(5) 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 \$47,673 and \$54,042 during the years ended March 31, 2020 and 2019, respectively.

(6) LIQUIDITY AND AVAILABILITY:

	March 31,	
	<u>2020</u>	<u>2019</u>
Financial Assets -		
Cash	\$ 1,770,316	\$ 2,012,732
Certificates of deposits - current	479,993	445,418
Accounts receivable	1,429	4,791
Member receivable	<u>308,293</u>	<u>338,771</u>
Total financial assets	2,560,031	2,801,712
Donor imposed restrictions	<u>2,045,173</u>	<u>2,532,298</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>\$ 514,858</u>	<u>\$ 269,414</u>

(6) LIQUIDITY AND AVAILABILITY: (Continued)

The Organization's goal is to generally maintain enough financial assets to meet 3 months of operating expenses. At March 2020, the Organization has approximately \$380,000 invested in several long-term certificates of deposits to enhance return on the assets. These funds are not included in the liquidity calculations above.

(7) SUBSEQUENT EVENT:

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption from this pandemic may impact operations and financial statements.

Additionally, as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, in April 2020, the Organization obtained a Payroll Protection Program (PPP) loan in the amount of \$118,250. The interest rate on this loan is 1% with the amount to be repaid in 18 installments of \$6,622 beginning November 2020 with the final payment due on April 2022. As part of the PPP loan agreement, a portion of the loan can be forgiven. The Organization intends to maximize the forgiven portion of this loan as allowed under the Act.