

GROWING HOPE GLOBALLY
FINANCIAL STATEMENTS
AS OF MARCH 31, 2021 AND 2020
TOGETHER WITH AUDITOR'S REPORT

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, 2021 and 2020, 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.

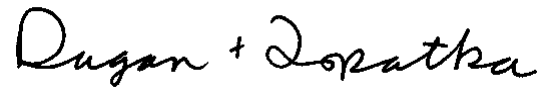
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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
July 8, 2021

GROWING HOPE GLOBALLY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,101,673	\$ 1,770,316
Certificates of deposits - current	526,516	479,993
Accounts receivable	23	1,429
Member receivable	71,086	308,293
	<u>2,699,298</u>	<u>2,560,031</u>
PROPERTY AND EQUIPMENT AT COST:		
Land	40,080	40,080
Equipment	10,738	7,912
	<u>50,818</u>	<u>47,992</u>
Less: accumulated depreciation	<u>5,383</u>	<u>3,600</u>
	<u>45,435</u>	<u>44,392</u>
OTHER ASSETS:		
Certificates of deposits - long-term	<u>347,254</u>	<u>378,848</u>
	<u>\$ 3,091,987</u>	<u>\$ 2,983,271</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Note payable, current maturities	\$ 104,992	\$ -
Accounts payable	1,229	194,706
Accrued payroll and related withholdings	39,110	37,255
Deferred revenue	223,886	231,220
	<u>369,217</u>	<u>463,181</u>
LONG-TERM LIABILITIES:		
Note payable, net of current maturities	<u>13,258</u>	<u>-</u>
	<u>382,475</u>	<u>463,181</u>
CONTINGENCIES		
NET ASSETS:		
Without donor restrictions -		
Board designated	240,979	282,644
Undesignated	419,968	192,273
With donor restrictions	<u>2,048,565</u>	<u>2,045,173</u>
	<u>2,709,512</u>	<u>2,520,090</u>
	<u>\$ 3,091,987</u>	<u>\$ 2,983,271</u>

The accompanying notes are an integral part of this statement.

GROWING HOPE GLOBALLY
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT, GAINS AND REVENUE:						
Member contributions	\$ 303,399	\$ -	\$ 303,399	\$ 306,835	\$ -	\$ 306,835
Contributions	607,292	1,890,709	2,498,001	543,967	1,626,620	2,170,587
Grant revenue	-	6,300	6,300	-	97,000	97,000
Investment income	14,929	-	14,929	19,425	-	19,425
Miscellaneous	-	-	-	25	-	25
Net assets released from restrictions	1,893,617	(1,893,617)	-	2,210,745	(2,210,745)	-
Total public support, gains and revenue	2,819,237	3,392	2,822,629	3,080,997	(487,125)	2,593,872
FUNCTIONAL EXPENSES:						
Program services -						
United States Growing Projects	329,669	-	329,669	459,881	-	459,881
Overseas Programs	2,023,659	-	2,023,659	2,226,135	-	2,226,135
Total program services	2,353,328	-	2,353,328	2,686,016	-	2,686,016
Management and general	156,771	-	156,771	211,679	-	211,679
Fundraising	123,108	-	123,108	161,863	-	161,863
Total functional expenses	2,633,207	-	2,633,207	3,059,558	-	3,059,558
CHANGE IN NET ASSETS	186,030	3,392	189,422	21,439	(487,125)	(465,686)
NET ASSETS, Beginning of year	474,917	2,045,173	2,520,090	453,478	2,532,298	2,985,776
NET ASSETS, End of year	\$ 660,947	\$ 2,048,565	\$ 2,709,512	\$ 474,917	\$ 2,045,173	\$ 2,520,090

The accompanying notes are an integral part of this statement.

GROWING HOPE GLOBALLY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 189,422	\$ (465,686)
Adjustments to reconcile change in total net assets to net cash provided by (used in) operating activities:		
Depreciation expense	1,782	1,618
Decrease in accounts receivable	1,406	3,362
Decrease in member contributions receivable	237,207	30,478
Increase (decrease) in accounts payable	(193,477)	190,037
Increase in accrued payroll and related withholdings	1,855	14,743
(Decrease) in deferred revenue	(7,334)	(11,093)
Net cash provided by (used in) operating activities	<u>230,861</u>	<u>(236,541)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(14,929)	(4,426)
Proceeds from sale of fixed assets	-	460
Purchase of fixed assets	(2,825)	(1,909)
Net cash (used in) investing activities	<u>(17,754)</u>	<u>(5,875)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowing on note payable	<u>118,250</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	331,357	(242,416)
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,770,316</u>	<u>2,012,732</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,101,673</u>	<u>\$ 1,770,316</u>

The accompanying notes are an integral part of this statement.

GROWING HOPE GLOBALLY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2021

	<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	\$ 2,000	\$ 1,883,192	\$ 1,885,192	\$ 150	\$ -	\$ 1,885,342
Salaries	229,350	105,328	334,678	57,498	88,464	480,640
Travel	7,993	430	8,423	-	265	8,688
Professional services	21,740	250	21,990	66,419	1,609	90,018
Benefits	35,232	20,586	55,818	6,549	15,660	78,027
Meeting cost	100	-	100	-	-	100
Payroll taxes	18,542	7,861	26,403	4,534	6,553	37,490
Printing	2,085	-	2,085	339	3,835	6,259
Occupancy	4,022	2,682	6,704	2,682	4,022	13,408
Telephone	4,683	2,562	7,245	830	1,576	9,651
Memberships	2,500	500	3,000	1,000	-	4,000
Supplies	226	156	382	400	30	812
Miscellaneous	250	-	250	5,871	598	6,719
Insurance	-	-	-	7,257	-	7,257
Postage and shipping	946	112	1,058	820	496	2,374
Depreciation expense	-	-	-	1,782	-	1,782
Equipment	-	-	-	40	-	40
Education	-	-	-	600	-	600
	<u>\$ 329,669</u>	<u>\$ 2,023,659</u>	<u>\$ 2,353,328</u>	<u>\$ 156,771</u>	<u>\$ 123,108</u>	<u>\$ 2,633,207</u>
Total functional expenses	<u>\$ 329,669</u>	<u>\$ 2,023,659</u>	<u>\$ 2,353,328</u>	<u>\$ 156,771</u>	<u>\$ 123,108</u>	<u>\$ 2,633,207</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

	<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	\$ 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	 <u>\$ 459,881</u>	 <u>\$ 2,226,135</u>	 <u>\$ 2,686,016</u>	 <u>\$ 211,679</u>	 <u>\$ 161,863</u>	 <u>\$ 3,059,558</u>

The accompanying notes are an integral part of this statement.

GROWING HOPE GLOBALLY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021 AND 2020

(1) NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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 July 8, 2021 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 \$240,979 and \$282,644 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) NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:
(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 receivables 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.

Revenue Recognition for Contributions -

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.

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) NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:
(Continued)

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.

Deferred Revenue -

Deferred revenue consists of annual member contributions billed for management and general expenses as well as expenses associated with its programming.

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 fiscal years before 2018. 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.

(2) REVENUE FROM CONTRACTS WITH MEMBERS:

The following table provides information about significant changes in deferred revenue (or contract liabilities) as of March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Deferred revenue, beginning of the year	\$ 231,220	\$ 242,313
Revenue recognized that was included in deferred revenue at the beginning of the year	(231,220)	(242,313)
Increase in deferred revenue due to cash received during the year	<u>223,886</u>	<u>231,220</u>
Deferred revenue, end of the year	<u>\$ 223,886</u>	<u>\$ 231,220</u>

(3) NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions on March 31, 2021 and 2020 available for future periods consist of the following:

	<u>2021</u>	<u>2020</u>
Membership organization accounts	506,355	657,990
Land Purchase	6,025	6,275
Overseas Projects	<u>1,536,185</u>	<u>1,380,908</u>
Total net assets with donor restrictions	<u>\$ 2,048,565</u>	<u>\$ 2,045,173</u>

(4) NOTE PAYABLE:

	<u>2021</u>	<u>2020</u>
Payroll Protection Program (PPP) loan payable to a bank as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, interest at 1% with the amount to be repaid in equal installments of principal and interest, beginning at the earlier of the date the SBA remits the loan forgiveness amount or 10 months after the end of the forgivable covered period, with the final payment due April 2022 consisting of interest and the entirety of the principal. As part of the loan agreement, all or a portion can be forgiven. The Organization intends to maximize the forgivable portion of this loan. The Organization has adopted ASC 470 to account for the PPP loan and will record a gain from the forgiven portion of the loan when it is forgiven.	\$ 118,250	\$ -
Less - Current portion	<u>104,992</u>	<u>-</u>
Long-term portion	<u>\$ 13,258</u>	<u>\$ -</u>

(4) NOTE PAYABLE: (Continued)

Aggregate maturities required on long-term debt as of March 31, 2021, are due to in future year as follows:

2022	\$ 104,992
2023	<u>13,258</u>
Total	<u>\$ 118,250</u>

(5) 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, 2021 and 2020, was \$13,408 and \$22,472, respectively.

(6) 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 \$37,359 and \$47,673 during the years ended March 31, 2021 and 2020, respectively.

(7) LIQUIDITY AND AVAILABILITY:

	March 31,	
	<u>2021</u>	<u>2020</u>
Financial Assets -		
Cash	\$ 2,101,673	\$ 1,770,316
Certificates of deposits - current	526,516	479,993
Accounts receivable	23	1,429
Member receivable	<u>71,086</u>	<u>308,293</u>
Total financial assets	2,699,298	2,560,031
Donor imposed restrictions	<u>2,048,565</u>	<u>2,045,173</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>\$ 650,733</u>	<u>\$ 514,858</u>

The Organization's goal is to generally maintain enough financial assets to meet 3 months of operating expenses. As of March 2021, the Organization has approximately \$350,000 invested in several long-term certificates of deposits to enhance return on the assets. These funds are not included in the liquidity calculations above.

(8) MANAGEMENT RESPONSE TO COVID-19 PANDEMIC:

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. As a part of these mitigation measures, the Organization received a PPP loan as part of the CARES Act (See Note 4). In response to the effects of COVID-19, the Organization's board members are implementing strategies to help mitigate the losses in relation to this pandemic. 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.

(9) SUBSEQUENT EVENT:

Subsequent to year end, the Organization was notified by the Small Business Administration (SBA) that its Payroll Protection Program loan was forgiven in the full amount of \$118,250.