



Mama Hope, Inc.

Audited Financial Statements
As of May 31, 2019

Together with
Independent Auditor's Report

MAMA HOPE, INC.
FINANCIAL STATEMENTS

May 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Mama Hope, Inc.:

We have audited the accompanying statement of financial position of Mama Hope, Inc. (a nonprofit organization) as of May 31, 2019 and the related statements of activities and changes in net assets, statement of functional expenses, and cash flows 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mama Hope, Inc. as of May 31, 2019, and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

BGW CPA, PLLC

Charlotte, North Carolina,
October 8, 2019

MAMA HOPE, INC.

STATEMENT OF FINANCIAL POSITION

May 31, 2019

ASSETS

CURRENT ASSETS:

Cash	\$104,651
Accounts Receivable	8,826
Total assets	<u>\$113,477</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$1,688
Accrued payroll	8,427
Net assets without donor restrictions	103,362
Total liabilities and net assets	<u>\$113,477</u>

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

MAMA HOPE, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED MAY 31, 2019

SUPPORT AND OTHER REVENUES:

Foundations and corporations	\$40,190
Global advocates	251,352
Events	343
Individual and family foundations	1,004,086
Other	18,056
Total support and other revenues	<u>1,314,027</u>

EXPENSES:

Fundraising expenses	225,004
Program expenses	1,022,107
General and administrative costs	143,404
Total expenses	<u>1,390,515</u>

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(76,488)
BEGINNING NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>179,850</u>
ENDING NET ASSETS WITHOUT DONOR RESTRICTIONS	<u><u>\$103,362</u></u>

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

MAMA HOPE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MAY 31, 2019

	Fundraising Expenses	Program Expenses	Administrative Expenses	Total
Personnel	\$157,416	\$344,984	\$84,617	\$587,017
Direct Community Investment	-	512,124	-	512,124
Specialized Fellowship Program Expenses	-	27,101	-	27,101
Professional Services	36,816	29,686	48,470	114,971
Occupancy & Telecommunications	10,459	35,332	2,125	47,916
Travel, Conferences & Meetings	20,314	72,733	662	93,709
Other Misc. Expenses	-	147	5,144	5,291
Interest	-	-	2,386	2,386
	<u>\$225,004</u>	<u>\$1,022,107</u>	<u>\$143,404</u>	<u>\$1,390,515</u>

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

MAMA HOPE, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MAY 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	(\$76,488)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Change in accounts receivable	(7,976)
Change in accounts payable	(43,865)
Change in accrued payroll	8,578
Net cash used in operating activities	<u>(119,751)</u>
 NET DECREASE IN CASH	 (119,751)
 CASH, beginning of year	 <u>224,402</u>
CASH, end of year	<u><u>\$104,651</u></u>

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

MAMA HOPE, INC.

NOTES TO FINANCIAL STATEMENTS

May 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization – Mama Hope, Inc. (the Organization), a California 501(c) (3) nonprofit corporation, located in San Francisco, was established in 2008. Mama Hope partners with visionary leaders around the world to fund and build community-identified sustainable projects using 100% local resources. Their goal is that each of the communities worked with will become financially sustainable, generating enough income to operate independent of foreign aid.

Public support - Contributions are generally available for unrestricted use in the year received unless specifically restricted by the donor.

Contributions of cash and other assets are reported as temporarily restricted if they have donor stipulations that limit the use of the donated assets

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net assets – The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Donor restricted contributions whose restrictions are met within the same reporting period are reported as unrestricted support in net assets without donor restrictions. Contributions to acquire long-lived assets are reported as net assets with donor restrictions and are released from donor restrictions and reclassified to net assets without donor restrictions when the asset is acquired and/or placed into service. The organization has no board designated or perpetual net assets as of May 31, 2019.

2. AVAILABILITY OF FINANCIAL ASSETS AND LIQUIDITY – The Organization has \$113,477 of financial assets consisting of cash of \$104,651 and accounts receivable of \$8,826 available within one year of the balance sheet date to meet cash needs for general expenditures. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to maintain financial assets on hand to meet three months of normal operating expenses, which are, on average, approximately \$37,700. The Organization has a goal to structure its financial assets to be available as its general expenditures, liabilities and other cash obligations come due. To date the Board of Directors of the Organization has not established a liquidity reserve.

3. INCOME TAXES:

The Organization is a not-for-profit corporation that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes is required. The Organization has implemented the provisions of the Financial Accounting Standards Board Codification (FASB ASC 740-10). FASB ASC 740-10 prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of income tax uncertainties with respect to positions, including tax-exempt status, taken or expected to be taken in income tax returns. The use of FASB ASC 740-10 has not had any impact on the Organization's results of operations or financial condition. The Organization has open tax years for its reporting periods ended during the years 2016 through 2018.

4. METHODS USED FOR ALLOCATION OF EXPENSES FROM PROGRAM AND GENERAL ACTIVITIES:

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. These include salary and wage expenses of the project and program, fundraising and certain administrative related expenses that are allocated based on the percentage of the employee's time and effort in each functional area.

Program expenses of \$512,124 relating to Direct Community Investment represents funds that were sent to the Organization's international partners to invest in community led projects focusing on education, healthcare, women & girls, livelihoods, human rights and children & youth.

5. SUBSEQUENT EVENTS:

Events and transactions occurring after May 31, 2019 have been evaluated to determine proper recognition and disclosure in the financial statements. Subsequent events and transactions were evaluated through October 8, 2019, which represents the date the financial statements were available to be issued.