



Mama Hope, Inc.

Audited Financial Statements
As of May 31, 2020

Together with
Independent Auditor's Report

MAMA HOPE, INC.
FINANCIAL STATEMENTS
May 31, 2020

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT.....	1
FINANCIAL STATEMENTS:	
Statement of Financial Position.....	3
Statement of Activities and Change in Net Assets.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7



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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, 2020 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, 2020, 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.

Charlotte, North Carolina,
December 23, 2020

BGW CPA, PLLC

MAMA HOPE, INC.

STATEMENT OF FINANCIAL POSITION

May 31, 2020

ASSETS

CURRENT ASSETS:

Cash	\$147,734
Accounts receivable	17,885
Total assets	<u>\$165,619</u>

LIABILITIES AND NET ASSETS

Accrued payroll	\$7,594
Note payable	36,589
Net assets without donor restrictions	67,021
Net assets with donor restrictions	54,415
Total liabilities and net assets	<u>\$165,619</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND OTHER REVENUES:			
Foundations and corporations	\$1,286	\$16,580	\$17,866
Global advocates	-	7,728	7,728
Individual and family foundations	466,171	272,494	738,665
Other	6,245	2,424	8,669
Total support and other revenues	<u>473,702</u>	<u>299,225</u>	<u>772,927</u>
EXPENSES:			
Program expenses	217,730	275,271	493,001
Administrative expenses	108,305	1,765	110,070
Fundraising expenses	151,782	-	151,782
Total expenses	<u>477,817</u>	<u>277,036</u>	<u>754,853</u>
CHANGE IN NET ASSETS	(4,115)	22,189	18,074
BEGINNING NET ASSETS	<u>71,136</u>	<u>32,226</u>	<u>103,362</u>
ENDING NET ASSETS	<u>\$67,021</u>	<u>\$54,415</u>	<u>\$121,436</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, 2020

	Program Expenses	Administrative Expenses	Fundraising Expenses	Total
Personnel	\$159,710	\$64,476	\$136,442	\$360,628
Direct Community Investment	270,897	-	-	270,897
Specialized Fellowship Program Expenses	2,949	-	-	2,949
Professional Services	1,185	40,994	2,882	45,060
Occupancy & Telecommunications	18,292	893	2,177	21,362
Travel, Conferences & Meetings	39,968	298	10,282	50,548
Other Miscellaneous Expenses	-	2,995	-	2,995
Interest	-	414	-	414
	<u>\$493,001</u>	<u>\$110,070</u>	<u>\$151,782</u>	<u>\$754,853</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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$18,074
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in accounts receivable	(9,059)
Change in accrued payroll	<u>(2,521)</u>
Net cash provided by operating activities	6,494

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds received from note payable	<u>36,589</u>
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NET INCREASE IN CASH 43,083

CASH, beginning of year 104,651

CASH, end of year \$147,734

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

MAMA HOPE, INC.

NOTES TO FINANCIAL STATEMENTS

May 31, 2020

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, 2020.

2. AVAILABILITY OF FINANCIAL ASSETS AND LIQUIDITY:

The Organization has \$165,619 of financial assets consisting of cash of \$147,734 and accounts receivable of \$17,885 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 \$27,300. 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 2017 through 2019.

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 \$270,897 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. NET ASSETS WITH DONOR RESTRICTIONS:

The composition of net assets with donor restrictions is as follows as of May 31, 2020:

White Orange Youth	\$ 31,528
United Hearts Children's Center	4,101
Our Lady of Perpetual Support	3,359
Budondo Intercultural Center	2,505
Tropical Focus for Rural Development	1,502
Sotz'il Jay	1,461
Boresha Jamii	1,261
Nguzo Women and Youth Foundation	941
Riley Orton Foundation	529
Crater Creations	405
Queen Elizabeth Academy	337
Tejiendo Futuros	290
St Timothy's	282
General Partner Fund	5,913
	<u>\$ 54,415</u>

6. NOTE PAYABLE:

The Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES Act) created the Payroll Protection Program (PPP) as an extension of the Small Business Administration's loan program. Under this program, small business can obtain funding to keep workers on payroll and maintain operations. PPP loans are eligible for forgiveness provided that certain requirements are met, primarily related to the types of expenditures for which the funds are used. As of May 31, 2020, the Organization has a loan of \$36,589 outstanding in this program. Any portion of the loan that is not forgiven will be repaid in monthly installments at 1% interest over a 2-year period beginning in November 2020. Management believes they will meet the requirements for forgiveness before the repayment date.

7. SUBSEQUENT EVENTS:

Events and transactions occurring after May 31, 2020 have been evaluated to determine proper recognition and disclosure in the financial statements. Subsequent events and transactions were evaluated through December 23, 2020, which represents the date the financial statements were available to be issued.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen. Financial impact could occur though such potential impact is unknown at this time.