



Mama Hope, Inc.

Audited Financial Statements
As of May 31, 2021

Together with
Independent Auditor's Report

MAMA HOPE, INC.
FINANCIAL STATEMENTS
May 31, 2021

TABLE OF CONTENTS

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



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, 2021 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, 2021, 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,
September 13, 2021

BGW CPA, PLLC

MAMA HOPE, INC.

STATEMENT OF FINANCIAL POSITION

May 31, 2021

ASSETS

CURRENT ASSETS:

Cash	\$153,886
Accounts receivable	50,000
Total assets	<u>\$203,886</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accrued payroll	\$2,751
Net assets without donor restrictions	178,715
Net assets with donor restrictions	22,420
Total liabilities and net assets	<u>\$203,886</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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND OTHER REVENUES:			
Foundations and corporations	\$25,650	\$8,830	\$34,480
Global advocates	-	11,784	11,784
Individual and family foundations	402,254	40,202	442,456
Loan forgiveness income	59,377	-	59,377
Other	208	768	976
Net assets released from restrictions:			
Satisfaction of program restrictions	93,579	(93,579)	-
Total support and other revenues	<u>581,069</u>	<u>(31,995)</u>	<u>549,073</u>
EXPENSES:			
Program expenses	351,177	-	351,177
Administrative expenses	66,349	-	66,349
Fundraising expenses	51,850	-	51,850
Total expenses	<u>469,375</u>	<u>-</u>	<u>469,375</u>
CHANGE IN NET ASSETS	111,694	(31,995)	79,699
BEGINNING NET ASSETS	<u>67,021</u>	<u>54,415</u>	<u>121,436</u>
ENDING NET ASSETS	<u>\$178,715</u>	<u>\$22,420</u>	<u>\$201,135</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, 2021

	<u>Program Expenses</u>	<u>Administrative Expenses</u>	<u>Fundraising Expenses</u>	<u>Total</u>
Personnel	\$83,156	\$37,772	\$47,140	\$168,067
Direct Community Investment	254,291	-	-	254,291
Specialized Fellowship Program Expenses	6,962	-	-	6,962
Professional Services	1,572	24,663	1,454	27,689
Occupancy & Telecommunications	5,151	13	6	5,170
Travel, Conferences & Meetings	45	3,250	3,250	6,545
Other Miscellaneous Expenses	-	651	-	651
	<u>\$351,177</u>	<u>\$66,349</u>	<u>\$51,850</u>	<u>\$469,375</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, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$79,699
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in accounts receivable	(32,115)
Change in accrued payroll	(4,843)
Net cash provided by operating activities	<u>42,741</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on note payable	<u>(36,589)</u>
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NET INCREASE IN CASH 6,152

CASH, beginning of year 147,734

CASH, end of year \$153,886

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

MAMA HOPE, INC.

NOTES TO FINANCIAL STATEMENTS

May 31, 2021

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 with donor restrictions 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, 2021.

2. AVAILABILITY OF FINANCIAL ASSETS AND LIQUIDITY:

The Organization has \$203,886 of financial assets consisting of cash of \$153,886 and accounts receivable of \$50,000 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.

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 2018 through 2020.

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 \$254,291 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, 2021:

United Hearts Children's Center	\$15,128
Budondo Intercultural Center	1,855
White Orange Youth	472
Tejiendo Futuros	196
Restricted Partner Fund - Various	476
General Partner Fund	4,293
	<u>\$22,420</u>

6. RISKS AND UNCERTAINTIES:

As a result of the spread of the COVID-19 coronavirus, global economic uncertainties have arisen. The financial impact of this on the Organization, if any, cannot be determined at this time.

7. LOAN FORGIVENESS INCOME:

During the year ended May 31, 2020, the Organization qualified for and received a Paycheck Protection Program (PPP) loan to assist with operational obligations during the ongoing COVID-19 pandemic. The loans were administered by the Small Business Administration in the amount of \$36,589 has been deemed forgiven and recognized in support and other revenue for the year ended May 31, 2021.

During the year ended May 31, 2021, the Organization qualified for and received a second Paycheck Protection Program (PPP) loan to assist with operational obligations during the ongoing COVID-19 pandemic. The loans were administered by the Small Business Administration in the amount of \$22,788. In July 2021, the Organization received full forgiveness for the PPP loan. However, because the conditions for forgiveness had been substantially met as of May 31, 2021, the Organization recognized the amount in support and other revenue for the year ended May 31, 2021.

8. SUBSEQUENT EVENTS:

Events and transactions occurring after May 31, 2021 have been evaluated to determine proper recognition and disclosure in the financial statements. Subsequent events and transactions were evaluated through September 13, 2021, which represents the date the financial statements were available to be issued.

In July 2021, the Organization received full forgiveness of its PPP loan of \$22,788. (Note 7)