

Every Orphan's Hope, Inc.
Frisco, Texas

Financial Statements Together With
Independent Accountant's Compilation Report

July 31, 2023 and 2022



RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Every Orphan's Hope, Inc.
Financial Statements
July 31, 2023 and 2022

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RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountant's Compilation Report

Board of Directors
Every Orphan's Hope, Inc.
Frisco, Texas

Management is responsible for the accompanying financial statements of Every Orphan's Hope, Inc (a Texas nonprofit organization), which comprise the statements of financial position as of July 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Ratliff & Associates, P.C.

October 20, 2023

Every Orphan's Hope
 Statements of Financial Position
 July 31, 2023 and 2022

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 50,238	\$ 282,975
Prepaid expenses	3,058	1,908
Total current assets	53,296	284,883
Noncurrent assets		
Property and equipment		
Furniture and equipment	17,343	14,401
Less: accumulated depreciation	(11,951)	(8,760)
Net property and equipment	5,392	5,641
Total Assets	\$ 58,688	\$ 290,524
Liabilities & Net Assets		
Liabilities		
Current liabilities		
Accounts payable	\$ 20,037	\$ 19,025
Net assets		
Without donor restrictions	38,651	16,226
With donor restrictions	-	255,273
Total net assets	38,651	271,499
Total Liabilities & Net Assets	\$ 58,688	\$ 290,524

See the note disclosures to the financial statements and the independent accountant's compilation report.

Every Orphan's Hope
 Statements of Activities
 For the Years Ended July 31, 2023 and 2022

	2023	2022
Changes in net assets without donor restrictions		
Revenues		
Revenues without donor restrictions		
Contributions	\$ 1,542,454	\$ 702,422
Noncash donations	973	73,508
Total revenues without donor restrictions	1,543,427	775,930
Net assets released from restrictions		
Satisfaction of program restrictions	256,073	1,006,011
Total revenues	1,799,500	1,781,941
Expenses		
Programs		
Ministry activities	1,476,504	1,652,768
Support services		
General and administrative	127,559	102,871
Fundraising	173,012	70,521
Total support services expenses	300,571	173,392
Total expenses	1,777,075	1,826,160
Change in net assets without donor restrictions	22,425	(44,219)
Changes in net assets with donor restrictions		
Contributions for programs	800	1,129,557
Net assets released from restriction	(256,073)	(1,006,011)
Change in net assets with donor restrictions	(255,273)	123,546
Change in total net assets	(232,848)	79,327
Net assets at beginning of year	271,499	192,172
Net assets at end of year	\$ 38,651	\$ 271,499

See the note disclosures to the financial statements and the independent accountant's compilation report.

Every Orphan's Hope
Statements of Functional Expenses
For the Year Ended July 31, 2023

	Programs	Support Services		Total expenses
	Ministry activities	General and administrative	Fundraising	
Grants to others	\$ 1,058,326	-	-	\$ 1,058,326
Personnel	231,282	75,471	133,409	440,162
Travel	113,483	-	9,992	123,475
Professional	11,103	31,225	-	42,328
Advertising	7,285	4,587	22,255	34,127
Bank processing fees	23,373	2,767	2,767	28,907
Facilities	16,372	4,843	1,845	23,060
Information technology	7,436	2,200	838	10,474
Office expense	5,356	1,582	604	7,542
Credit card charges	-	4,148	-	4,148
Supplies	222	66	1,047	1,335
Depreciation	2,266	670	255	3,191
Total expenses	<u>\$ 1,476,504</u>	<u>\$ 127,559</u>	<u>\$ 173,012</u>	<u>\$ 1,777,075</u>

For the Year Ended July 31, 2022

	Programs	Support Services		Total expenses
	Ministry activities	General and administrative	Fundraising	
Grants to others	\$ 1,171,844	-	-	\$ 1,171,844
Personnel	360,374	30,393	43,419	434,186
Travel	70,373	1,290	1,290	72,953
Professional	-	31,132	-	31,132
Advertising	-	-	18,425	18,425
Bank processing fees	2,085	24,135	1,271	27,491
Facilities	31,690	9,373	3,571	44,634
Information technology	7,823	2,314	881	11,018
Office expense	6,476	1,915	730	9,121
Credit card charges	-	1,697	-	1,697
Supplies	58	17	704	779
Depreciation	2,045	605	230	2,880
Total expenses	<u>\$ 1,652,768</u>	<u>\$ 102,871</u>	<u>\$ 70,521</u>	<u>\$ 1,826,160</u>

See the note disclosures to the financial statements and the independent accountant's compilation report.

Every Orphan's Hope
 Statements of Cash Flows
 For the Years Ended July 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Cash received from contributions and other income	\$ 1,543,254	\$ 1,905,487
Cash paid for programs and support services	(1,768,901)	(1,805,400)
Interest paid	(4,148)	-
Net cash provided (used) by operating activities	(229,795)	100,087
Cash flows from investing activities		
Purchases of equipment	(2,942)	-
Net cash provided (used) by investing activities	(2,942)	-
Net increase (decrease) in cash and cash equivalents	(232,737)	100,087
Cash and cash equivalents at beginning of year	282,975	182,888
Cash and cash equivalents at end of year	\$ 50,238	\$ 282,975
 Reconciliation of change in total net assets to net cash provided (used) by operating activities		
Change in total net assets	\$ (232,848)	\$ 79,327
Adjustments		
Depreciation	3,191	2,880
Change in prepaid expenses	(1,150)	3,398
Change in accounts payable	1,012	14,482
Total adjustments	3,053	20,760
Net cash provided (used) by operating activities	\$ (229,795)	\$ 100,087

See the note disclosures to the financial statements and the independent accountant's compilation report.

Every Orphan's Hope, Inc.
Note Disclosures to the Financial Statements
July 31, 2023 and 2022

Note 1, Nature of the Organization

Every Orphan's Hope, Inc. (the "EOH") is a nonprofit organization incorporated in the Commonwealth of Virginia. The EOH's mission is to plead the cause of orphaned children in the world, unite the Christian Church to care and provide for these children, and to bring social relief through specific programs designed to accomplish these purposes through the sharing of the gospel of Jesus Christ. The EOH's administrative office is in Frisco, Texas.

Every Orphan's Hope Ministries, LLC (the "LLC") was formed in 2003 in the Republic of Zambia. The LLC's purpose is to facilitate transactions in Zambia. The LLC's assets consist of bank accounts and land and buildings. Every Orphan's Hope is the exclusive funding partner of the LLC and provides grants to the LLC to support their ministry activities.

Note 2, Summary of Significant Accounting Policies

The following is a summary of EOH's significant accounting policies consistently applied in the preparation of the accompanying financial statements:

Basis of accounting: The financial statements of EOH have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) of the United States of America. Revenues are recognized when earned, and expenses are recorded when incurred.

Revenue recognition: Revenues of EOH are primarily derived from contributions from EOH's supporters. A portion of EOH's revenues is tied to the local economy. All contributions are considered available for EOH's general programs unless specifically restricted by the donor.

Amounts received that are donor restricted by time or purpose are reported as increases in net asset with donor 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 restriction. However, contributions received with restrictions that are met in the same reporting period are reported as increases in net assets without restrictions. Gifts for child sponsorship are considered to be released when received and reported in net assets without restrictions.

Net assets without donor restrictions: EOH further disaggregates net assets without donor restriction into two subcategories:

- General unrestricted: Net assets that are neither subject to donor-imposed restrictions or self-imposed limits are general unrestricted.
- Internally designated: Net assets that are subject to EOH's self-imposed limits by action of the governing board or its delegates are internally designated. These voluntary limitations allow EOH to earmark net assets for a variety of needs that may arise. Such limits may also be lifted at any time in the future by resolution of the board or its delegates.

At July 31, 2023 and 2022, EOH has no internally designated net assets.

Every Orphan's Hope, Inc.
Note Disclosures to the Financial Statements
July 31, 2023 and 2022

Note 2, Summary of Significant Accounting Policies (continued)

Net assets with donor restriction: EOH further disaggregates net assets with donor restriction into two subcategories:

- Temporarily restricted: EOH reports gifts of cash and other assets as with temporary donor restriction if they are received with donor stipulations temporarily limiting the use of the contributions and if the restrictions are not met in the period of receipt. At July 31, 2023, EOH has no temporarily restricted net assets.
- Permanently restricted: EOH reports gifts of cash and other assets as with permanent donor restriction if they are received with donor stipulations permanently restricting the contribution to investment but permitting EOH to use part or all the income derived from the investment for general or restricted purposes. At July 31, 2023 and 2022, EOH has no permanently restricted net assets.

Ministry Activities:

- Following are the aspects EOH's ministry activities:
 - Baby Rescue Homes: The children in the Baby Rescue Homes are rescued and cared for by a team of trained staff and mothers until they are given new families through familial reunification, domestic adoption, and transferring to EOH's Family Homes.
 - Family Homes: Every orphan deserves a future in a family that loves them. When a child has run out of options for familial reunification, they are given a new family made up of one widow and eight orphans. This new family helps restore their hope and identity as a beloved child of God and provides them a new family in which they are known, loved, and championed to reach their God-given dreams.
 - Young Adult Homes: Everyday thousands of orphans age out of institutional care with no family to belong to and no place to call home but God never intended for us to "age out" of our families. When the children from our Family Homes graduate grade 12, they transition to our Young Adult Homes where they learn life skills, attend higher education, and prepare for independent living.
 - Orphan Sponsorship: This activity provides the funding needed to support an entire new family with food, clothing, education, healthcare, and other necessities.

Supporting Services:

- Fundraising: This program exists to raise funds to directly fund the programs noted above.
- General and Administrative: This program exists to support the ministry activities.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates included in the financial statements and disclosures are depreciation. Depreciation is computed using management's estimate of the useful lives of the asset.

Every Orphan's Hope, Inc.
Note Disclosures to the Financial Statements
July 31, 2023 and 2022

Note 2, Summary of Significant Accounting Policies (continued)

Cash and cash equivalents: For purposes of the statement of cash flows, EOH considers highly liquid investments with an initial maturity of three months or less to be cash equivalents, which include cash in checking and savings accounts. Financial instruments that potentially subject EOH to credit risk include cash on deposit with a financial institution exceeding \$250,000 at various times during the year. The U.S. Federal Deposit Insurance Corporation insures amounts for up to \$250,000.

Liquidity: The statement of financial position is classified to show subtotals for current assets and current liabilities as part of EOH's enhanced disclosure of liquidity. EOH anticipates using current assets and satisfying current liabilities within one year of the statement date. Current assets, excluding prepaids (as applicable), represent financial assets available for general expenditure within one year of the statement date. Disclosures are presented for both the quantitative and qualitative aspects of liquidity and the availability of financial assets.

Allocation of expenses by function and nature: The costs of providing the various programs and other activities have been directly allocated and summarized on a functional basis in the statement of activities and on both a functional and a natural bases in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services, as well as the natural categories, benefited.

Property and equipment: Expenditures for property and equipment greater than \$500 are capitalized at cost. Donated items are recorded at fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from four to six years.

Donated assets and services: Donated property that is material is recorded at fair market value on the date of receipt in the appropriate property, equipment or other asset account. In the absence of donor restrictions, donated assets are reported as unrestricted revenue.

For the years ended July 31, 2023 and 2022, noncash asset donations consist of bicycles valued at \$973 and \$73,508, respectively. Bicycles and other asset donations were recorded at their appraised market value.

Income tax status: EOH is a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation, except on net income derived from unrelated business activities.

For the years ended July 31, 2023 and 2022, EOH has not conducted unrelated business activities that are material to the financial statements taken as a whole. Accordingly, no provision for income taxes is included in the financial statements. EOH believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Tax returns of EOH are open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

Every Orphan's Hope, Inc.
 Note Disclosures to the Financial Statements
 July 31, 2023 and 2022

Note 2, Summary of Significant Accounting Policies (continued)

Going concern considerations: EOH analyzes the effect that current and future events, both internal and external, may have on operations so that they may continue as a going concern (i.e., a viable organization). As of the date of the compilation report, management has not identified a significant matter that, in its judgement, could materially threaten the ongoing operations of EOH for at least one year from the date of the compilation report on page one. However, if conditions change during the following year, EOH may reschedule or reformat certain events and activities or adjust the general operational budget, as needed. See also the Liquidity disclosure for additional cash management strategies.

Note 3, Net Assets

	2023	2022
Net assets without donor restrictions		
Balance, beginning of year	\$ 16,226	\$ 60,445
Change in net assets without donor restrictions	22,425	(44,219)
Balance, end of year	\$ 38,651	\$ 16,226
Net assets with donor restrictions		
Balance, beginning of year	\$ 255,273	\$ 131,727
Change in net assets with donor restrictions	(255,273)	123,546
Balance, end of year	\$ -	\$ 255,273
Net assets with donor restriction are available for the following:		
Zambia project	\$ -	\$ 255,273
Total	\$ -	\$ 255,273

Every Orphan's Hope, Inc.
 Note Disclosures to the Financial Statements
 July 31, 2023 and 2022

Note 4, Liquidity and Availability of Financial Assets

EOH's financial assets are current assets available for general expenditure within one year of the statement date. Financial assets are calculated as follows: current assets less donor-restricted, board-designated and/or contractually-obligated current assets, as applicable. As part of EOH's liquidity management, it has a strategy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. The significant qualities of this strategy are as follows:

- EOH is committed to strengthening recurring contributions from its donors which have remained relatively consistent year-to-year.

EOH's financial assets at July 31, are quantified as follows:

	2023	2022
Current assets	\$ 53,296	\$ 284,883
Less: prepaid expenses	(3,058)	(1,908)
Less: those unavailable for general expenditures within one year:		
Internally designated	-	-
Donor-imposed restrictions or contractual requirements	-	(255,273)
Financial assets available to meet general needs	\$ 50,238	\$ 27,702

Note 5, Subsequent Events

EOH has evaluated subsequent events through the date of the Independent Accountant's Compilation Report on page one, which is the date the statements were available to be issued. In addition, see EOH's accounting policies in Note 2 for liquidity and going concern considerations.