

Every Orphan's Hope
Frisco, Texas

Financial Statements Together With
Independent Accountant's Compilation Report

July 31, 2024 and 2023



RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Every Orphan's Hope
Financial Statements
July 31, 2024 and 2023

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RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountant's Compilation Report

Board of Directors
Every Orphan's Hope
Frisco, Texas

Management is responsible for the accompanying financial statements of Every Orphan's Hope (a Texas nonprofit organization), which comprise the statements of financial position as of July 31, 2024 and 2023, 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.

Ratloff + Associates, P.C.

August 22, 2024

Every Orphan's Hope
Statements of Financial Position
 July 31, 2024 and 2023

	2024	2023
Assets		
Current assets		
Cash and cash equivalents	\$ 120,518	\$ 50,238
Prepaid expenses	15,979	3,058
Total current assets	136,497	53,296
Noncurrent assets		
Property and equipment		
Furniture and equipment	17,831	17,343
Less: accumulated depreciation	(14,718)	(11,951)
Net property and equipment	3,113	5,392
Total Assets	\$ 139,610	\$ 58,688
Liabilities & Net Assets		
Liabilities		
Current liabilities		
Accounts payable	\$ 24,771	\$ 20,037
Accrued expenses	16,702	-
Total current liabilities	41,473	20,037
Net assets		
Without donor restrictions	98,137	38,651
Total Liabilities & Net Assets	\$ 139,610	\$ 58,688

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, 2024 and 2023

	2024	2023
Changes in net assets without donor restrictions		
Revenues		
Revenues without donor restrictions		
Contributions	\$ 1,551,172	\$ 1,542,454
Grant revenues	69,750	-
Noncash donations	42,118	973
Total revenues without donor restrictions	1,663,040	1,543,427
Net assets released from restrictions		
Satisfaction of program restrictions	-	256,073
Total revenues	1,663,040	1,799,500
Expenses		
Programs		
Ministry activities	1,412,184	1,610,186
Support services		
General and administrative	76,690	75,455
Fundraising	114,680	91,434
Total support services expenses	191,370	166,889
Total expenses	1,603,554	1,777,075
Change in net assets without donor restrictions	59,486	22,425
Changes in net assets with donor restrictions		
Contributions for programs	-	800
Net assets released from restriction	-	(256,073)
Change in net assets with donor restrictions	-	(255,273)
Change in total net assets	59,486	(232,848)
Net assets at beginning of year	38,651	271,499
Net assets at end of year	\$ 98,137	\$ 38,651

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, 2024

	<u>Programs</u>	<u>Support Services</u>		<u>Total expenses</u>
	<u>Ministry activities</u>	<u>General and administrative</u>	<u>Fundraising</u>	
Grants to others	\$ 945,934	\$ -	\$ -	\$ 945,934
Personnel	372,174	31,388	44,841	448,403
Travel	51,029	-	3,132	54,161
Professional	-	32,573	40,500	73,073
Advertising	3,442	-	12,732	16,174
Bank processing fees	11,066	8,008	8,251	27,325
Facilities	8,592	830	-	9,422
Information technology	9,244	758	1,082	11,084
Office expense	6,973	1,507	806	9,286
Credit card charges	1,433	1,433	1,476	4,342
Supplies	-	-	1,583	1,583
Depreciation	2,297	193	277	2,767
Total expenses	\$ 1,412,184	\$ 76,690	\$ 114,680	\$ 1,603,554

For the Year Ended July 31, 2023

	<u>Programs</u>	<u>Support Services</u>		<u>Total expenses</u>
	<u>Ministry activities</u>	<u>General and administrative</u>	<u>Fundraising</u>	
Grants to others	\$ 1,058,326	\$ -	\$ -	\$ 1,058,326
Personnel	365,334	30,811	44,015	440,160
Travel	121,771	-	1,703	123,474
Professional	-	31,225	11,103	42,328
Advertising	11,795	-	22,332	34,127
Bank processing fees	12,834	7,917	8,157	28,908
Facilities	20,996	2,065	-	23,061
Information technology	9,279	492	702	10,473
Office expense	5,573	1,331	640	7,544
Credit card charges	1,369	1,369	1,410	4,148
Supplies	260	22	1,053	1,335
Depreciation	2,649	223	319	3,191
Total expenses	\$ 1,610,186	\$ 75,455	\$ 91,434	\$ 1,777,075

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, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Cash received from contributions and other income	\$ 1,620,922	\$ 1,543,254
Cash paid for programs and support services	(1,548,721)	(1,768,901)
Interest paid	(1,433)	(4,148)
Net cash provided (used) by operating activities	70,768	(229,795)
Cash flows from investing activities		
Purchases of equipment	(488)	(2,942)
Net cash provided (used) by investing activities	(488)	(2,942)
Net increase (decrease) in cash and cash equivalents	70,280	(232,737)
Cash and cash equivalents at beginning of year	50,238	282,975
Cash and cash equivalents at end of year	\$ 120,518	\$ 50,238
 Reconciliation of change in total net assets to net cash provided (used) by operating activities		
Change in total net assets	\$ 59,486	\$ (232,848)
Adjustments		
Depreciation	2,767	3,191
Change in prepaid expenses	(12,921)	(1,150)
Change in accounts payable	4,734	1,012
Change in accrued expenses	16,702	-
Total adjustments	11,282	3,053
Net cash provided (used) by operating activities	\$ 70,768	\$ (229,795)

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

Every Orphan's Hope
Note Disclosures to the Financial Statements
July 31, 2024 and 2023

Note 1, Nature of the Organization

Every Orphan's Hope (the "EOH") is a nonprofit organization incorporated in the Commonwealth of Virginia, but now operates in Frisco, Texas. 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, 2024 and 2023, EOH has no internally designated net assets.

Every Orphan's Hope
Note Disclosures to the Financial Statements
July 31, 2024 and 2023

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, 2024 and 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, 2024 and 2023, EOH has no permanently restricted net assets.

Ministry Activities:

- The following are the aspects of EOH's ministry activities:
 - Baby Rescue Homes: The children in the Baby Rescue Homes in Zambia 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 in our family homes in Zambia 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 in Zambia where they learn life skills, attend higher education, and prepare for independent living.
 - Orphan Sponsorship: This activity carried out in the United States provides the funding needed to support an entire new family in Zambia with food, clothing, education, healthcare, and other necessities.
 - Bikes for Orphans: EOH partners with churches in the United States to collect bicycles and ships them to Africa. Donated bicycles are shipped to the LLC in Zambia where they are sold to individuals in the community. 100% of the profits from the bike shop supports the care of orphans and widows in Zambia.

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
Note Disclosures to the Financial Statements
July 31, 2024 and 2023

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, 2024 and 2023, noncash asset donations consist of bicycles valued at \$42,118 and \$973, 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, 2024 and 2023, 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.

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.

Every Orphan's Hope
 Note Disclosures to the Financial Statements
 July 31, 2024 and 2023

Note 3, 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. Furthermore, 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:

	2024	2023
Current assets	136,497	53,296
Less: prepaid expenses	(15,979)	(3,058)
Financial assets available to meet general needs	120,518	50,238

Note 4, Reclassifications

Certain reclassifications have been made to the 2023 presentation of the statements of activities and functional expenses to correspond to the current year's format. Net assets and changes in net assets are unchanged due to the reclassification.

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.