HOPE CHARITIES, INC

PRAIRIEVILLE, LOUISIANA

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED

DECEMBER 31, 2024

ERICKSEN KRENTEL LLP
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of
Hope Charities, Inc.
Prairieville, Louisiana

Opinion

We have audited the accompanying financial statements of Hope Charities, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hope Charities, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hope Charities, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hope Charities, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors and Management of
Hope Charities, Inc.
Prairieville, Louisiana

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Hope Charities, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hope Charities, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

October 31, 2025
Baton Rouge, Louisiana

Ericksen Krentel, LLP

Certified Public Accountants

HOPE CHARITIES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

ASSETS:	
Current assets	
Cash and cash equivalents	$ 559,184
Contributions and sponsorship receivable	324,510
Total current assets	883,694
RIGHT-OF-USE ASSETS:	
Right-of-use operating lease assets	155,685
Less: accumulated amortization	(30,128)
Total right-of-use assets, net	125,557
Total assets	$ 1,009,251
LIABILITIES:	
Current liabilities	
Accounts payable	$ 175,439
Accrued expenses	19,982
Line of credit	250,000
Current maturities of long-term debt	4,447
Current maturities of operating lease liabilities	31,219
Total current liabilities	481,087
Long-term liabilities	
Long-term debt, less current maturities	195,553
Right-of-use operating lease liabilities, less current maturities	109,096
Total long-term liabilities	304,649
Total liabilities	785,736
NET ASSETS:	
Without donor restrictions	53,515
With donor restrictions	170,000
Total net assets	223,515
Total liabilities and net assets	$ 1,009,251

See accompanying NOTES TO THE FINANCIAL STATEMENTS

HOPE CHARITIES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND OTHER REVENUES:			
Contributions	$ 1,484,994	$ -	$ 1,484,994
Contributions of nonfinancial assets	115,842	-	115,842
Sponsorship and event income	1,829,764	204,500	2,034,264
Interest income	90	-	90
Loss on disposal of assets	(24,198)	-	(24,198)
Net assets released from restrictions	279,500	(279,500)	-
Total support and other revenues	3,685,992	(75,000)	3,610,992
EXPENSES:			
Program services	2,836,241	-	2,836,241
Supporting services:			
Management and general	467,626	-	467,626
Fundraising	348,403	-	348,403
Total expenses	3,652,270	-	3,652,270
Change in net assets	33,722	(75,000)	(41,278)
Net assets, beginning of year	19,793	245,000	264,793
Net assets, end of year	$ 53,515	$ 170,000	$ 223,515

See accompanying NOTES TO THE FINANCIAL STATEMENTS

HOPE CHARITIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Salaries	$ 404,364	$ 200,828	$ 267,439	$ 872,631
Payroll taxes and employee benefits	67,125	113,267	49,572	229,964
Total salaries and related expenses	471,489	314,095	317,011	1,102,595
Credit loss	30,000	-	-	30,000
Miscellaneous	-	131	-	131
Fees	3,527	8,699	1,808	14,034
Food and beverage	44,444	16,431	4,048	64,923
Giving expense	1,799,629	-	-	1,799,629
Insurance	345	11,661	-	12,006
Interest expense	-	24,918	-	24,918
Lodging	16,192	19,033	8,680	43,905
Marketing	59,545	2,152	2,356	64,053
Phone and internet	4,682	3,015	-	7,697
Postage	12,144	211	18	12,373
Professional fees	36,950	23,243	-	60,193
Rent	47,468	8,730	1,000	57,198
Repairs and maintenance	-	541	-	541
Services	166,837	7,240	1,422	175,499
Software and technology	14,890	4,443	1,905	21,238
Supplies	80,790	14,152	882	95,824
Transportation	47,309	8,931	9,273	65,513
Total functional expenses	$ 2,836,241	$ 467,626	$ 348,403	$ 3,652,270

See accompanying NOTES TO THE FINANCIAL STATEMENTS

HOPE CHARITIES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:	
Change in net assets	$ (41,278)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Credit loss	30,000
(Gain)/loss on disposal of fixed assets	24,198
Changes in assets and liabilities:	
(Increase) decrease in:	
Contributions and sponsorship receivable	(214,854)
Increase (decrease) in:	
Accounts payable	153,435
Accrued expenses	28,119
Operating lease liabilities	14,758
Net cash (used for) operating activities	(5,622)
CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES:	
Net borrowings under line of credit	250,000
Net cash from financing activities	250,000
Net increase in cash and cash equivalents	244,378
Cash and cash equivalents, beginning of year	314,806
Cash and cash equivalents, end of year	$ 559,184

See accompanying NOTES TO THE FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Hope Charities, Inc. (the Organization) was founded in 2009 as a nonprofit organization whose mission is to give hope and strength to individuals and families living with a chronic illness or rare disease by providing resources, financial assistance, education, and emotional support. The Organization is a nationwide organization and works with patients directly to help them find resources when they need it most.

Basis of Accounting and Financial Reporting Framework

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America promulgated by the Financial Accounting Standards Board (FASB).

Basis of Presentation

The financial statements are presented in accordance with FASB Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under the provisions of the Codification, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Accounts Receivable

Management closely monitors outstanding receivable balances and estimates an allowance for credit losses based on prior experience. Balances that are determined to be uncollectible are written off. All receivable balances are considered to be fully collectible by management. Accordingly, no allowance for credit losses is considered necessary as of December 31, 2024.

Revenue Recognition

Contributions

Contributions are reported as increases in net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Contributions with donor restrictions are recognized as revenues with donor restrictions and reported as releases from restrictions when a stipulated time restriction ends or purpose restriction is accomplished. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Sponsorships and Events

The Organization hosts various informational and educational events throughout the year to further its mission. Sponsorship revenue associated with these events is recognized in accordance with Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, or ASC Topic 958, *Not-for-Profit Entities*, depending on the nature of the sponsorship arrangement.

Sponsorships that include a commensurate exchange of value, such as promotional benefits, logo placement, or exhibit opportunities, are accounted for as exchange transactions under ASC 606. Revenue from these sponsorships is recognized when the related event occurs, which is the point in time when the Organization has satisfied its performance obligations. Amounts received in advance of the event are recorded as deferred revenue until earned.

Sponsorships that do not provide commensurate value to the sponsor and are intended primarily to support the event are accounted for as contributions under ASC 958. These sponsorships are recognized as contribution revenue when they become unconditional or when any donor-imposed conditions have been met, generally upon the occurrence of the event.

Other income associated with events, such as ticket sales, auction proceeds, and merchandise sales, is recognized at the point in time the related goods or services are delivered or the event occurs.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted contributions or sponsorships whose restrictions are met during the same reporting period are recognized as unrestricted revenue.

Gifts In-Kind

The value of in-kind contributions to the Organization are recognized at the fair market value of benefit received, unless immaterial. See Note 3 for further details on in-kind contributions received.

A substantial number of volunteers have given extensive amounts of time and services to the Organization. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under FASB ASC 958-605-50-1, *Accounting for Contributions Received and Contributions Made.*

Leases

The Organization applies judgment in determining whether a contract contains a lease and whether a lease is classified as an operating lease or a finance lease. The Organization determines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate.

For lease contracts that include extension and termination options, the Organization applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date of the lease, the Organization reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Organization is required to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Organization generally uses the incremental borrowing rate when initially recording leases. Information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available.

The Organization determines the incremental borrowing rate of each lease by estimating the credit rating of the Organization at the time the lease is recognized, referencing market yields corresponding to the credit rating and weighted average life of the lease, and factoring in other lease-specific factors such as assumed collateral. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statement of activities. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable and consistently applied basis. The expenses that are allocated are salaries and wages, payroll taxes and employee benefits, which are allocated on the basis of estimates of time and effort; and occupancy, professional services, travel and meetings, and other operating costs, which are allocated based on usage studies conducted annually.

Compensated Absences

Employees of the Organization can earn up to 30 days of paid time off (PTO) annually. Accrued PTO is paid to employees upon termination or retirement occurring prior to year-end. Employees may carry forward up to five days of unused PTO to the following calendar year. Executives who have used at least one-half of their annual PTO entitlement by the end of the third quarter may receive a payout of up to five days of PTO at year-end, in addition to carrying forward up to five days of unused PTO.

Advertising

The Organization expenses advertising costs as incurred. Advertising expenses of $64,053 were incurred for the year ended December 31, 2024.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization's evaluation as of December 31, 2024 revealed no tax positions that would have a material impact on the financial statements. The 2021 through 2024 tax years remain subject to examination by the IRS. The Organization does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Date of Management's Review

Subsequent events have been evaluated through October 31, 2025, which is the date the financial statements were available to be issued.

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

At December 31, 2024, the Organization has financial assets available within one year to meet cash needs for general expenditures of $883,694. None of the financial assets above are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of the financial position date.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's objective is to maintain liquid assets without donor restrictions sufficient to cover 60 days of program expenditures. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days utilizing the resources the Organization has available. In addition, the Organization operates with a budget to monitor sources and uses of funds throughout the year.

(3) IN-KIND CONTRIBUTIONS

The Organization received in-kind contributions as follows for the year ended December 31, 2024:

Meals	$ 115,842

The Organization's policy related to these in-kind contributions is to utilize them in the period received to cover the expenses related to food costs at certain events.

Certain donors/sponsors covered the costs of all meals provided during the 2024 Hope Conference event.

The contributions are determined at fair market value based on the actual cost. These amounts are recorded as in-kind contributions and program service expenses on the accompanying statements of activities.

All in-kind contributions received by the Organization have no restrictions and are able to be used by the Organization as determined by the board of directors and management.

(4) NOTES PAYABLE

The Organization has a $750,000 line of credit with a bank maturing August 13, 2025 with an interest rate of 8.0%. The credit line is secured by assets of the Organization. The balance outstanding at December 31, 2024 was $250,000. Upon maturity, the line of credit was renewed for an additional 12 months, maturing on August 6, 2026, with an interest rate of 7.5%.

(5) LONG TERM DEBT

The Organization obtained a small business loan in the amount of $150,000 on July 1, 2020, and received an additional advance of $50,000 on July 22, 2021. The loan is payable in monthly installments of $893, including principal and interest, over a 30-year term, maturing on July 10, 2050, and is secured by assets of the Organization. The loan bears interest at a fixed rate of 2.75% per annum, which began accruing upon disbursement of the loan proceeds. Interest-only payments commenced on February 10, 2023, and continued until all accrued interest was paid, at which time principal and interest payments began on February 10, 2025. The outstanding principal balance was $200,000 as of December 31, 2024.

Maturities of long-term debt are as follows for years ending December 31:

2025	$	4,447
2026		5,406
2027		5,557
2028		5,711
2029		5,870
Thereafter		173,009
	$	200,000

(6) RETIREMENT PLAN

For the year ended December 31, 2024, the Organization offered to match any of its executive officers' retirement contributions to their personal retirement accounts up to a maximum of $7,000. One officer participated in this offer and received the full amount of the match.

In 2025, the Organization began offering a SIMPLE IRA plan where it will contribute 2% of compensation for all W-2 employees.

(7) RESTRICTIONS ON NET ASSETS

As of December 31, 2024, net assets with donor restrictions consisted of the following:

Events and media	$	145,000
Advocacy program		25,000
	$	170,000

As of December 31, 2024, net assets released from restrictions consisted of the following:

Events and media	$	279,500

(8) LEASES

The Organization leases office space that qualifies as an operating lease under ASC 842, *Leases*. Monthly payments under the lease are $2,861, including interest at a rate of 2.47%. The lease expires December 31, 2025 and contains one renewal option for an additional 3 years at a monthly rate of $3,147. The Organization expects to execute the renewal. The assets and liabilities under the operating lease were recorded at the present value of minimum lease payments. The assets are amortized over the lease term.

Operating lease cost	$	34,333
Operating cash flows from operating leases		34,333
Weighted-average remaining lease term-operating leases (years)		4 Years
Weighted-average discount rate - operating leases		2.47%

Future maturity amounts of operating lease liabilities for the next 4 years are as follows:

2025		34,333
2026		37,767
2027		37,767
2028		37,766
Less: interest		(7,318)
Total present value of payments	$	140,315

(9) CONCENTRATION OF CREDIT RISK

Hope Charities, Inc. maintains its cash balances in three financial institutions. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of December 31, 2024, the Organization's uninsured cash balance was $21,412.

Revenue from one donor represents 22% of total revenue for the year ended December 31, 2024.