

**HOPE OF LIFE INTERNATIONAL**

**Financial Statements**

**Year Ended December 31, 2019**

**(With Independent Auditors' Report Thereon)**

**HOPE OF LIFE INTERNATIONAL**  
**FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Hope of Life International:

We have audited the accompanying financial statements of Hope of Life International (the Organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, 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.

### **Auditors' 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 auditors' 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 Organization'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 Organization'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 Hope of Life International as of December 31, 2019, 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.

## Report on Summarized Comparative Information

We have previously audited Hope of Life International's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 7, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Substantial Doubt about the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 3 to the financial statements, the Organization has suffered recurring significant reductions in revenue that raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

*Kahn, Litwin, Kenya & Co., Ltd.*

October 7, 2020

**HOPE OF LIFE INTERNATIONAL**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2019**  
**(With Comparative Totals at December 31, 2018)**

	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 126,163	\$ 146,250
Accounts receivable	73,292	43,698
Prepaid expenses	15,780	11,554
<b>Total current assets</b>	<b>215,235</b>	<b>201,502</b>
Property and Equipment, net	409,275	465,815
<b>Total Assets</b>	<b>\$ 624,510</b>	<b>\$ 667,317</b>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Loan payable, current portion	\$ 128,203	\$ 198,331
Accounts payable	209,647	282,754
Accrued expenses	31,540	26,194
Capital lease obligations, current portion	12,712	14,480
Deferred revenue	89,968	27,218
<b>Total current liabilities</b>	<b>472,070</b>	<b>548,977</b>
Capital Lease Obligations, less current portion	32,162	44,874
Loan Payable, less current portion	11,147	-
<b>Total liabilities</b>	<b>515,379</b>	<b>593,851</b>
Net Assets:		
Without donor restrictions	69,518	3,466
With donor restrictions	39,613	70,000
<b>Total net assets</b>	<b>109,131</b>	<b>73,466</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 624,510</b>	<b>\$ 667,317</b>

**HOPE OF LIFE INTERNATIONAL**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2019**  
**(With Comparative Totals for the Year Ended December 31, 2018)**

	<b>2019</b>			<b>2018</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
Support and Revenue:				
Contributions	\$ 4,234,538	\$ 39,613	\$ 4,274,151	\$ 4,183,523
In-kind contributions	9,751,368	-	9,751,368	8,366,931
Other income	-	-	-	5,761
Net assets released from restrictions	70,000	(70,000)	-	-
<b>Total support and revenue</b>	<b>14,055,906</b>	<b>(30,387)</b>	<b>14,025,519</b>	<b>12,556,215</b>
Expenses:				
Program services	13,609,588	-	13,609,588	12,338,424
Management and general	322,276	-	322,276	318,513
Fundraising	57,990	-	57,990	58,207
<b>Total expenses</b>	<b>13,989,854</b>	<b>-</b>	<b>13,989,854</b>	<b>12,715,144</b>
<b>Change in Net Assets</b>	<b>66,052</b>	<b>(30,387)</b>	<b>35,665</b>	<b>(158,929)</b>
<b>Net Assets, beginning of year</b>	<b>3,466</b>	<b>70,000</b>	<b>73,466</b>	<b>232,395</b>
<b>Net Assets, end of year</b>	<b>\$ 69,518</b>	<b>\$ 39,613</b>	<b>\$ 109,131</b>	<b>\$ 73,466</b>

**HOPE OF LIFE INTERNATIONAL**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2019**



(With Comparative Totals for the Year Ended December 31, 2018)

	2019				2018
	Program Services	Management and General	Fundraising	Total	Total
Grants and other assistance	\$ 9,783,877	\$ -	\$ -	\$ 9,783,877	\$ 8,374,817
Personnel and related:					
Salaries	579,609	108,677	36,225	724,511	650,262
Payroll taxes	54,861	10,286	3,429	68,576	60,186
Employee benefits	40,120	7,523	2,507	50,150	48,468
<b>Total personnel and related</b>	<b>674,590</b>	<b>126,486</b>	<b>42,161</b>	<b>843,237</b>	<b>758,916</b>
Other expenses:					
Advertising	13,659	2,561	854	17,074	29,460
Conferences and meetings	7,449	1,862	-	9,311	2,882
Construction and building costs	292,369	-	-	292,369	682,160
Container shipment expenses	353,817	-	-	353,817	253,286
Depreciation	57,691	14,423	-	72,114	75,278
Information technology	2,361	21,250	-	23,611	24,922
Insurance	1,938	17,441	-	19,379	18,394
Interest	11,801	-	-	11,801	21,230
Miscellaneous	2,460	22,136	-	24,596	1,605
Mission events	639,598	-	-	639,598	778,469
Mission trips and travel	1,487,767	-	-	1,487,767	1,221,877
Occupancy expenses	92,754	17,391	5,797	115,942	117,743
Office expenses	146,851	27,535	9,178	183,564	236,797
Professional fees	6,976	62,783	-	69,759	91,954
Travel and auto expenses	33,630	8,408	-	42,038	25,354
<b>Total other expenses</b>	<b>3,151,121</b>	<b>195,790</b>	<b>15,829</b>	<b>3,362,740</b>	<b>3,581,411</b>
<b>Total expenses</b>	<b>\$ 13,609,588</b>	<b>\$ 322,276</b>	<b>\$ 57,990</b>	<b>\$ 13,989,854</b>	<b>\$ 12,715,144</b>

**HOPE OF LIFE INTERNATIONAL**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2019**

**(With Comparative Totals for the Year Ended December 31, 2018)**

	<b>2019</b>	<b>2018</b>
Cash Flows from Operating Activities:		
Change in net assets	\$ 35,665	\$ (158,929)
Adjustments to reconcile total change in net assets to net cash provided by operating activities:		
Depreciation	72,114	75,278
Changes in operating assets and liabilities:		
Accounts receivable	(29,594)	(11,412)
Prepaid expenses	(4,226)	(8,449)
Accounts payable	(75,607)	77,973
Accrued expenses	5,346	36,394
Deferred revenue	62,750	-
<b>Net cash provided by operating activities</b>	<b>66,448</b>	<b>10,855</b>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(13,074)	(18,722)
<b>Net cash used by investing activities</b>	<b>(13,074)</b>	<b>(18,722)</b>
Cash Flows from Financing Activities:		
Advances on loan payable	16,275	-
Principal payments on loan payable	(75,256)	(24,100)
Payments on capital lease obligations	(14,480)	(22,690)
<b>Net cash used by financing activities</b>	<b>(73,461)</b>	<b>(46,790)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(20,087)</b>	<b>(54,657)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>146,250</b>	<b>200,907</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 126,163</b>	<b>\$ 146,250</b>
<b>Supplementary Information:</b>		
Cash paid for interest	\$ 16,077	\$ 14,238
Property and equipment included in accounts payable	\$ 2,500	\$ -



**HOPE OF LIFE INTERNATIONAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

**1. Nature of Operations**

Hope of Life International (the Organization) is a not-for-profit organization located in Cranston, Rhode Island, dedicated to the purpose of saving the lives of people internationally, whatever their circumstances. Through sharing God's love and the message of the gospel, the Organization is bringing hope to people in both practical and spiritual ways.

The Organization provides clothing, supplies and food to those in crisis, donations to those providing such help, and conducting short term missionary trips. The Organization is providing assistance through providing supplies and construction to both hospitals and clinics, as well as orphanages and foster care programs.

**2. Summary of Significant Accounting Policies**

This summary of significant accounting policies of the Organization is presented to assist the reader in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

***Accounting Pronouncements Adopted***

Effective January 1, 2019, the Organizations adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), using the modified retrospective method. ASU 2014-09 replaces most existing revenue recognition guidance in accounting principles generally accepted in the United States of America.

Effective January 1, 2019, the Organization adopted the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*. The standard provides guidance on the classification of certain transactions in the statement of cash flows.

Effective January 1, 2019, the Organization adopted the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard provides guidance on characterizing grants and similar contracts as reciprocal exchanges or contributions, determining whether a contribution is conditional and the simultaneous release option.

The adoptions of ASU 2014-09, 2016-15, and 2018-08 did not have a significant effect on the Organization's financial statements.

**HOPE OF LIFE INTERNATIONAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

***Summarized Financial Information***

The accompanying financial statements include certain prior year summarized comparative information in total, without accompanying note disclosures. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America due to the lack of comparative note disclosures. Accordingly, such information should be read in conjunction with the Organization's financial statements and related notes to the financial statements for the year ended December 31, 2018 from which the summarized information was derived.

***Financial Statement Presentation***

The Organization prepares its financial statements on the accrual basis of accounting and, in accordance with authoritative guidance, 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.

***Net Assets Without Donor Restrictions***

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes.

***Net Assets with Donor Restrictions***

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction is satisfied, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

***Cash and Cash Equivalents***

The Organization considers all cash balances and highly liquid investments with maturities of three months or less to be cash and cash equivalents.

***Accounts Receivable***

The Organization carries its accounts receivable at net realizable value. On a periodic basis, the Organization evaluates its receivables and establishes an allowance for doubtful accounts based on a history of past bad debt expense and collections and current credit conditions.

The Organization does not accrue interest on its receivables. A receivable is considered past due if payment has not been received within stated terms. The Organization will then exhaust all methods in-house to collect the receivable. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectable and charged against the allowance for doubtful accounts. At December 31, 2019, management has determined that no allowance for doubtful accounts is deemed necessary.

**HOPE OF LIFE INTERNATIONAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

***Property and Equipment***

All expenditures for property and equipment in excess of \$1,000 are capitalized at cost; the fair market value of donated assets is similarly recorded. Depreciation is calculated on a straight-line basis over the estimated useful lives of the related assets ranging from 3 to 50 years.

***Support and Revenue Recognition***

***Contributions*** - The Organization recognizes contributions in the fiscal year in which the contribution is made. Contributions are recorded as with or without restrictions depending on the existence and/or nature of any donor imposed restrictions. However, it is the policy of the Organization to recognize contributions with donor restrictions that are both received and expended during the current fiscal year as contributions without restrictions.

***In-kind Contributions*** - Contributions of donated non-cash assets are recorded at their fair market values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills and are provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation are recorded at their fair market values in the period received.

Accounting principles generally accepted in the United States of America state that certain in-kind contributions are not eligible for recording in the financial statements. Accordingly, the value of these services have not been recognized in the accompanying financial statements.

***Allocation of Expenses***

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation, benefits and related expenses, which are allocated on the basis of time and effort. Depreciation, amortization and occupancy are allocated on a square footage basis.

***Income Taxes***

The Organization is exempt from income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. Management believes that the Organization operates in a manner consistent with their tax-exempt status at both the state and federal levels.

The Organization annually files IRS Form 990 - *Return of Organization Exempt From Income Tax*, reporting various information that the IRS uses to monitor the activities of tax-exempt entities. These tax returns are subject to review by the taxing authorities, generally for a period of three years after they were filed. The Organization currently has no tax examinations in progress.

**HOPE OF LIFE INTERNATIONAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

***Use of 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 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. Accordingly, actual results could differ from those estimates.

***Reclassifications***

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 financial statement presentation.

***Recent Accounting Pronouncements***

The following is a summary of recent authoritative pronouncements that could impact the accounting, reporting, and/or disclosure of financial information by the Organization.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which is effective for annual periods beginning after December 15, 2020. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Organization's year ending December 31, 2021, with early adoption permitted.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which provides new presentation and disclosure requirements for contributed nonfinancial assets other than contributed services. The standard will be effective for the Food Bank's year ending June 30, 2023, with early adoption permitted.

**3. Other Matters**

In accordance with the Board and management planning, the Organization is planning on reducing operating expenses for 2020. These reductions will be achieved through implementing effective cost control measures.

The Organization continues to provide important support to those in crisis and conducting missionary trips as it has for over 30 years. As the Organization works to address the financial and economic challenges, the Board, management and operating staff are unwavering in their commitment to providing critical services to the thousands of individuals in need throughout Guatemala and internationally.

**HOPE OF LIFE INTERNATIONAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

The Organization's ability to continue as a going concern depends on its ability to attract substantial contributions and obtain support from new sources. The financial statements do not include any adjustments that might be necessary if the Organization is unable to continue as a going concern.

**4. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial assets:	
Cash and cash equivalents	\$ 126,163
Accounts receivable	73,292
Financial assets at December 31, 2019	<u>199,455</u>
Less financial assets unavailable for general expenditure:	
Specified purpose	<u>39,613</u>
Financial assets available to meet general expenditure needs within one year	<u><u>\$ 159,842</u></u>

The Organization 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 financial assets without donor restrictions sufficient to cover 60 days of program expenditures. In the event of an unanticipated liquidity need, the Organization's Founders have the ability to finance overhead expenses so that all donations go to the Organization's mission.

**HOPE OF LIFE INTERNATIONAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

**5. Property and Equipment**

Property and equipment consisted of the following:

Land and improvements	\$	23,334
Building and improvements		194,346
Leasehold improvements		33,792
Furniture and equipment		354,885
Vehicles		53,953
		660,310
Less accumulated depreciation		251,035
Property and equipment, net	\$	409,275

**6. Debt**

***Loans Payable***

During December 2015, the Organization obtained a loan payable from a donor, requiring monthly payments of \$9,195, including interest at a rate of 6.5%, set to mature in December 2019. As of December 31, 2019, the loan had not been fully repaid and is working with the donor for an agreed upon repayment schedule. The loan called for interest only payments of \$1,625 through December 2016. There is no collateral for this loan. At year end, the remaining balance of the loan in the amount of \$123,644 is currently due.

During November 2019, the Organization entered into a loan agreement with a working capital group, for equipment contributed to a related party (Note 12), requiring monthly payments of \$569, including an interest rate of 16.6% maturing in November 2022.

Schedule maturities of loans payable are as follows:

<u>Year Ending</u>		
December 31, 2020	\$	128,203
December 31, 2021		5,376
December 31, 2022		5,771
Total	\$	139,350

**HOPE OF LIFE INTERNATIONAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

***Capital Lease Obligations***

The Organization acquired certain equipment under capital lease agreements, which expire at various dates through December 2022.

The related cost and accumulated depreciation was as follows:

Cost	\$	93,531
Less accumulated depreciation		44,807
Leased equipment, net	\$	48,724

Maturities of the capital lease obligations are as follows:

<u>Year Ending</u>		
December 31, 2020	\$	18,817
December 31, 2021		18,817
December 31, 2022		18,817
Total future minimum lease payments		56,451
Less amounts representing interest		11,577
Total capital lease obligations		44,874
Less current portion of capital lease obligations		12,712
Capital lease obligations, less current portion	\$	32,162

***Paycheck Protection Program Loan***

On May 4, 2020, the Organization received loan proceeds (Loan) of \$181,755 under the Paycheck Protection Program (PPP), which was established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) in response to the COVID-19 outbreak. Proceeds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage interest payments, rent, utilities, and interest on other debt obligations, provided the related agreements were effective prior to February 15, 2020. The Loan is set to mature on December 4, 2022 and bears interest at a rate of 1% per annum, payable monthly. The Loan may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The commencement date for the Loan payments and a potential revised maturity date will be determined upon the ultimate notification of the loan forgiveness from the lending institution. The Organization intends to use the entire Loan proceeds for qualifying expenses.

**HOPE OF LIFE INTERNATIONAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

***Economic Injury Disaster Loan***

On May 14, 2020, the Organization received an Economic Injury Disaster Loan (EIDL) in the amount of \$150,000. The loan is secured by tangible and intangible personal property and calls for monthly payments of principal and interest of \$641. Interest is calculated at a fixed rate of 2.75% per annum. Monthly payments are deferred for twelve months from date of the note and matures thirty years from the date of the note and matures thirty years from the date of the note.

**7. Net Assets with Donor Restrictions**

Net assets with donor restrictions for a specific purpose consist of the following:

Vocational school	\$ 16,693
Other programs	<u>22,920</u>
Total net assets with donor restrictions	<u>\$ 39,613</u>

**8. In-kind Contributions**

In addition to direct financial support, the Organization is supported by the community in many ways. The Organization receives donated supplies which include: antibiotics and medications; surgical tools enabling doctors to save lives; crutches, wheelchairs, and prosthetics to give people back their mobility; blankets and hospital linens and equipment; and supplies and medicines to relieve pain and save lives.

The Organization will also receive donated property and equipment from time to time. During the year ended December 31, 2019, the Organization received donated supplies worth \$9,751,368, which is included in in-kind contributions in the accompanying statement of activities at their estimated fair value.

**9. Retirement Plan**

The Organization offers a profit sharing plan and trust that qualifies as a 401k plan. Employees who have completed three months of service and have reached the age of 21 may contribute up to 90% of their compensation subject to funding limits. The Organization contributes a discretionary contribution to the plan determined annually by the Board. For the year ended December 31, 2019, discretionary contributions made by the Organization totaled \$5,853.



**HOPE OF LIFE INTERNATIONAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

**10. Commitments and Contingencies**

***Operating Lease Agreement***

In January 2018, the Organization entered into an operating lease agreement which has an expiration date of December 2019, with one option to renew for an additional four years. Monthly rent payments are approximately \$6,000. During the year ended December 31, 2019, rent expense under the operating lease agreement was \$72,000.

In December 2019, the Organization entered into a software lease agreement which has an expiration date of February 2023. During the year ended December 31, 2019, there was no expense under the software lease agreement due to payments not starting until January 2020.

The following is a schedule of approximate future minimum lease payments:

<u>Year Ending</u>	
December 31, 2020	\$ 138,507
December 31, 2021	124,362
December 31, 2022	115,286
December 31, 2023	<u>115,286</u>
Total	<u>\$ 493,441</u>

**11. Concentrations of Credit Risk**

The Organization maintains its cash balances in three financial institutions. The balance at each institution is insured by the Federal Deposit Insurance Corporation up to \$250,000. From time to time, the Organization's cash balances may exceed this limit. Cash balances in excess of \$250,000 are generally uninsured. Management does not believe significant credit risks exist at year end.

Approximately \$40,800, or 56%, of the Organization's outstanding accounts receivables were due from two customers. Management does not believe significant risks exist at year end.

**HOPE OF LIFE INTERNATIONAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2019**

**12. Related Party Transactions**

The Organization had the following related party transactions for the year ended December 31, 2019.

The Organization contributed approximately \$1,556,000 to Esperanza da Vida, which was founded by the Organization's chief executive officer (CEO)/president's family member. The Organization has a payable, included in accounts payable, to the CEO/president's family member for approximately \$7,870 for improvement costs to their new facility. The Organization has receivables, included in accounts receivable, due from the CEO/president and the CEO/president's family member for approximately \$5,010 and \$3,060, respectively.

**13. Subsequent Events**

Subsequent to year end, the global COVID-19 outbreak has resulted in a disruption in the Organization's operations. As a result, the Organization had to cease mission projects and lay off a significant amount of its employees. Therefore, the Organization expects this matter to adversely impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

Management of the Organization has evaluated subsequent events through October 7, 2020, which is the date these financial statements were available to be issued.