

HOPE OF LIFE INTERNATIONAL

Financial Statements

Year Ended December 31, 2021

(With Independent Auditors' Report Thereon)

HOPE OF LIFE INTERNATIONAL

FINANCIAL STATEMENTS

Year Ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Hope of Life International:

Opinion

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, 2021, 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 of Life International as of December 31, 2021, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 these 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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 auditors' 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, including omissions, 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 the Organization'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 the Organization'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.

Report on Summarized Comparative Information

We have previously audited Hope of Life International's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kahn, Litwin, Kenya & Co., Ltd.

January 10, 2023

HOPE OF LIFE INTERNATIONAL
STATEMENT OF FINANCIAL POSITION
December 31, 2021
(With Comparative Totals at December 31, 2020)

	2021	2020
Assets		
Current Assets:		
Cash and cash equivalents	\$ 3,701,699	\$ 2,114,111
Accounts receivable	94,488	111,194
Prepaid expenses	17,034	15,596
Total current assets	3,813,221	2,240,901
Investments	102,848	-
Property and Equipment, net	252,097	358,882
Total Assets	\$ 4,168,166	\$ 2,599,783
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 13,376	\$ 122,893
Accrued expenses	20,482	18,293
Capital lease obligations, current portion	17,323	14,839
Long-term debt, current portion	5,771	88,679
Deferred revenue	30,022	-
Total current liabilities	86,974	244,704
Capital Lease Obligations, less current portion	-	17,323
Long-term debt, less current portion	149,900	152,922
Total liabilities	236,874	414,949
Net Assets:		
Without donor restrictions	3,073,502	185,467
With donor restrictions	857,790	1,999,367
Total net assets	3,931,292	2,184,834
Total Liabilities and Net Assets	\$ 4,168,166	\$ 2,599,783

HOPE OF LIFE INTERNATIONAL
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)



	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions	\$ 11,368,321	\$ 217,856	\$ 11,586,177	\$ 4,299,643	\$ 1,984,219	\$ 6,283,862
Donated goods	13,944,141	-	13,944,141	6,064,772	-	6,064,772
Loss on disposal of property and equipment	(57,191)	-	(57,191)	-	-	-
PPP loan forgiveness	143,085	-	143,085	181,755	-	181,755
Investment income, net	7,899	-	7,899	-	-	-
Net assets released from restrictions	1,359,433	(1,359,433)	-	24,465	(24,465)	-
Total support and revenue	26,765,688	(1,141,577)	25,624,111	10,570,635	1,959,754	12,530,389
Expenses:						
Program services	23,407,124	-	23,407,124	10,146,437	-	10,146,437
Management and general	401,811	-	401,811	259,788	-	259,788
Fundraising	68,718	-	68,718	48,461	-	48,461
Total expenses	23,877,653	-	23,877,653	10,454,686	-	10,454,686
Change in Net Assets	2,888,035	(1,141,577)	1,746,458	115,949	1,959,754	2,075,703
Net Assets, beginning of year	185,467	1,999,367	2,184,834	69,518	39,613	109,131
Net Assets, end of year	\$ 3,073,502	\$ 857,790	\$ 3,931,292	\$ 185,467	\$ 1,999,367	\$ 2,184,834

See accompanying notes to the financial statements and independent auditors' report.

**HOPE OF LIFE INTERNATIONAL
SCHEDULE OF FUNCTIONAL EXPENSES**



Year Ended December 31, 2021

(With Comparative Totals for the Year Ended December 31, 2020)

	2021			2020	
	Program Services	Management and General	Fundraising	Total	Total
Grants and other assistance	\$ 21,717,971	\$ -	\$ -	\$ 21,717,971	\$ 8,760,743
Personnel and related:					
Salaries	726,923	136,298	45,433	908,654	526,694
Payroll taxes	66,262	12,424	4,141	82,827	50,702
Employee benefits	40,390	7,573	2,524	50,487	51,731
Total personnel and related	833,575	156,295	52,098	1,041,968	629,127
Other expenses:					
Advertising	13,179	2,471	824	16,474	18,436
Bad debt expense	-	24,275	-	24,275	-
Conferences and meetings	6,391	1,598	-	7,989	2,266
Container shipment expenses	206,050	-	-	206,050	64,943
Depreciation	51,195	12,799	-	63,994	69,931
Information technology	4,205	37,842	-	42,047	30,312
Insurance	3,193	28,735	-	31,928	18,225
Interest	9,689	-	-	9,689	10,780
Miscellaneous	1,716	15,442	-	17,158	1,881
Mission trips and travel	253,381	-	-	253,381	435,054
Occupancy expenses	89,658	16,811	5,604	112,073	118,357
Office expenses	163,081	30,578	10,192	203,851	203,309
Professional fees	7,334	66,006	-	73,340	54,612
Travel and auto expenses	35,836	8,959	-	44,795	27,192
Warehouse maintenance	10,670	-	-	10,670	9,518
Total other expenses	855,578	245,516	16,620	1,117,714	1,064,816
Total expenses	\$ 23,407,124	\$ 401,811	\$ 68,718	\$ 23,877,653	\$ 10,454,686

HOPE OF LIFE INTERNATIONAL
STATEMENT OF CASH FLOWS
Year Ended December 31, 2021



(With Comparative Totals for the Year Ended December 31, 2020)

	2021	2020
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,746,458	\$ 2,075,703
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	63,994	69,931
Bad debt expense	24,275	-
Net unrealized and unrealized gain on investments	(7,308)	-
Loss on disposal of property and equipment	57,191	-
Changes in operating assets and liabilities:		
Accounts receivable	(7,569)	(37,902)
Prepaid expenses	(1,438)	184
Accounts payable	(109,517)	(86,754)
Accrued expenses	2,189	(13,247)
Deferred revenue	30,022	(89,968)
Net cash provided by operating activities	1,798,297	1,917,947
Cash Flows from Investing Activities:		
Purchase of property and equipment	(14,400)	(19,538)
Purchase of investments	(95,540)	-
Net cash used by investing activities	(109,940)	(19,538)
Cash Flows from Financing Activities:		
Proceeds from long-term debt	-	149,900
Principal payments on long-term debt	(85,930)	(47,649)
Payments on capital lease obligations	(14,839)	(12,712)
Net cash provided (used) by financing activities	(100,769)	89,539
Net Increase in Cash and Cash Equivalents	1,587,588	1,987,948
Cash and Cash Equivalents, beginning of year	2,114,111	126,163
Cash and Cash Equivalents, end of year	\$ 3,701,699	\$ 2,114,111
Supplementary Information:		
Cash paid for interest	\$ 7,629	\$ 11,259

HOPE OF LIFE INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2021

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, makes donations to those providing such help, and conducts 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.

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total, without accompanying note disclosures and certain functional expense information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. 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, 2020, 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.

HOPE OF LIFE INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2021

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. Net assets released from restrictions for the year ended December 31, 2021 related to disaster relief, the Youth Camp and other ongoing projects.

Cash and Cash Equivalents

The Organization considers all cash balances and highly liquid investments with original 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, 2021, management has determined that no allowance for doubtful accounts is necessary.

Investments and Fair Value Measurements

The Organization reports its investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by authoritative guidance, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.

Level 2 inputs (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.

HOPE OF LIFE INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2021

Level 3 inputs are unobservable for the asset or liability and rely on management's own judgment about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

The Organization's investments are classified as level 1 within the fair value hierarchy.

Level 1 investments owned by the Organization and listed on a National Securities Exchange are valued at the last recorded sales price as of the financial statement reporting date or, in the absence of recorded sales, at the last quoted bid price reported as of the financial statement reporting date.

Realized and unrealized gains and losses are included in investment income in the statement of activities. Gains and losses on investments are reported as changes in net assets without donor restrictions, unless gains and losses on investments are restricted by a donor's explicit stipulation or by a law that extends a donor's restriction.

Dividends and interest are recorded as received, which does not differ materially from the accrual basis. Purchases and sales of securities are recorded on the trade date.

Property and Equipment

All expenditures for property and equipment in excess of \$1,000 are capitalized at cost; the fair 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 donor 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 donor restrictions.

Donated Goods - Contributions of donated non-cash 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 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 values in the period received.

HOPE OF LIFE INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2021

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

PPP Loan Forgiveness

The Organization received Paycheck Protection Program (PPP) loans. Loan forgiveness was recognized when the Organization satisfied the conditions for loan forgiveness and the forgiveness amount was formally approved by the United States Small Business Administration (SBA) (Note 9).

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 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 its 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.

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2021

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases*, which was later delayed to be effective for annual periods beginning after December 15, 2021. 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 finance 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, 2022.

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. The standard will be effective for the Organization’s year ending December 31, 2022.

Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation.

Subsequent Events

Management of the Organization has evaluated subsequent events through January 10, 2023, which is the date these financial statements were available to be issued.

3. 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	\$ 3,701,699
Accounts receivable	94,488
Investments	102,848
Financial assets at December 31, 2021	3,899,035
Less financial assets unavailable for general expenditure:	
Specified purpose	857,790
Financial assets available to meet general expenditure needs within one year	\$ 3,041,245

HOPE OF LIFE INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2021

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.

4. Investments

The Organization’s investments measured at fair value on a recurring basis are all considered Level 1 investments and consist of the following:

Money market fund	\$ 23,050
Large growth mutual fund	76,312
Mid-cap blend exchange traded fund	3,486
Total investments	\$ 102,848

5. Property and Equipment

Property and equipment consisted of the following:

Land and improvements	\$ 13,334
Building and improvements	162,346
Leasehold improvements	33,792
Furniture and equipment	315,442
	524,914
Less accumulated depreciation	272,817
Property and equipment, net	\$ 252,097

During the year ended December 31, 2021, the Organization disposed of various assets, which had an original cost of \$169,334 and accumulated depreciation of \$112,143, resulting in a loss on disposal of \$57,191.

6. Debt

Loans Payable

During December 2015, the Organization obtained a loan from a donor, requiring monthly payments of \$9,195, including interest at a rate of 6.5%, set to mature in December 2019.

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NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2021

The Organization and the donor established an agreed-upon repayment schedule subsequent to maturity. In June 2021, the Organization repaid the remaining balance in full.

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

Long-Term Debt

On May 14, 2020, the Organization received Economic Injury Disaster Loan proceeds (EIDL) of \$149,900 from the SBA, as provided by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) in response to the COVID-19 outbreak. The EIDL matures on May 14, 2050 and bears interest at a rate of 2.75% per annum, payable monthly. Payments, commencing on May 14, 2022, will be first applied to accrued interest. Accrued interest of \$6,663 at December 31, 2021 is included in accrued expenses on the accompanying statement of financial position. The loan is secured by tangible and intangible personal property. The EIDL may be prepaid by the Organization at any time prior to the maturity with no prepayment penalties.

Schedule maturities of long-term debt are as follows:

<u>Year Ending</u>	
December 31, 2022	\$ 5,771
December 31, 2023	4,937
December 31, 2024	8,115
December 31, 2025	8,341
December 31, 2026	8,574
Thereafter	<u>119,933</u>
Total	<u>\$ 155,671</u>

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 were as follows:

Cost	\$ 65,093
Less accumulated depreciation	<u>52,075</u>
Leased equipment, net	<u>\$ 13,018</u>

HOPE OF LIFE INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2021

Future minimum lease payments under this agreement for the year ending December 31, 2022 total \$17,323.

7. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following:

Subject to expenditure for specific purpose:	
Disaster relief	\$ 389,009
Youth camp	227,549
Community transformation project	77,338
Education Center	50,000
Rescue hospital	40,000
Housing and other assistance	38,110
Canasta shop	35,784
Total net assets with donor restrictions	\$ 857,790

8. Donated Goods

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. Donated goods are not sold and goods are only distributed for program use.

During the year ended December 31, 2021, the Organization received donated supplies worth \$13,944,141, which are included in the accompanying statement of activities at their estimated fair value.

9. Paycheck Protection Program Loans

On February 18, 2021, the Organization received loan proceeds of \$143,085 under the PPP, which was established as part of the CARES Act in response to the COVID-19 outbreak. Proceeds from this second-draw PPP Loan (PPP2 Loan) may only be used for payroll costs, mortgage interest, rent, utilities, worker protection costs related to COVID-19, and uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations. The PPP2 Loan was set to mature on February 18, 2026 and bore interest at a rate of 1% per annum, payable monthly. Under the terms of the PPP, certain amounts of the PPP2 Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

HOPE OF LIFE INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2021

The Organization used the proceeds in accordance with loan terms and applied for forgiveness from the SBA. On August 25, 2021, the Organization received notification of SBA approval for forgiveness of the entire PPP2 Loan proceeds.

10. 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, 2021, discretionary contributions made by the Organization totaled approximately \$8,400.

11. Commitments

The Organization has an operating lease agreement which has an expiration date of December 2023. Monthly rent payments are approximately \$6,400. During the year ended December 31, 2021, rent expense under the operating lease agreement was approximately \$75,000.

In December 2019, the Organization entered into a software lease agreement which has an expiration date of February 2023. Monthly payments are approximately \$5,400. During the year ended December 31, 2021, expense under the software lease agreement was approximately \$64,500.

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

<u>Year Ending</u>	
December 31, 2022	\$ 126,700
December 31, 2023	<u>115,300</u>
Total	<u>\$ 242,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2021

12. Concentrations of Credit Risk

The Organization maintains its cash balances in two 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.

Approximately \$81,900, or 87%, of the Organization's outstanding accounts receivable was due from one donor. Management does not believe significant risks exist at year end.

13. Related Party Transactions

The Organization had the following related party transactions for the year ended December 31, 2021:

The Organization contributed approximately \$7,523,800 to Esperanza da Vida, which was founded by the Organization's chief executive officer (CEO)/president's family member. At December 31, 2021, the Organization has receivables, included in accounts receivable, due from the CEO/president and the CEO/president's family member for approximately \$630 and \$11,870, respectively.

The Organization paid approximately \$5,420 to the Organization's chief operating officer's (COO) family member for repair and maintenance services. The Organization paid approximately \$14,000 to the Organization's CEO/president's family member for warehouse services.