



RESTORING HOPE NEPAL

AUDITED FINANCIAL STATEMENTS  
Years Ended December 31, 2023 and 2022

RESTORING HOPE NEPAL  
Victor, Montana

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Restoring Hope Nepal  
PO Box 623  
Victor, Montana 59875

***Opinion***

We have audited the accompanying financial statements of Restoring Hope Nepal (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Restoring Hope Nepal as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Restoring Hope Nepal and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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; 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.

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 Restoring Hope Nepal's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's 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 GAAS 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 GAAS, 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 Restoring Hope Nepal'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 Restoring Hope Nepal'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.

*Carver Florek & James, CPAs*

Carver Florek & James, CPA's  
Missoula, Montana  
March 11, 2024

RESTORING HOPE NEPAL  
STATEMENTS OF FINANCIAL POSITION  
As of December 31, 2023 and 2022

|                                  | <u>2023</u>       | <u>2022</u>      |
|----------------------------------|-------------------|------------------|
| ASSETS                           |                   |                  |
| Cash and Cash Equivalents        | \$ 88,128         | \$ 28,458        |
| Accounts Receivable              | <u>14,500</u>     | <u>-</u>         |
| TOTAL ASSETS                     | <u>\$ 102,628</u> | <u>\$ 28,458</u> |
| LIABILITIES AND NET ASSETS       |                   |                  |
| LIABILITIES                      |                   |                  |
| Accounts Payable                 | \$ 1,132          | \$ -             |
| Payroll Liabilities              | <u>5,229</u>      | <u>4,783</u>     |
| TOTAL LIABILITIES                | <u>6,361</u>      | <u>4,783</u>     |
| NET ASSETS                       |                   |                  |
| Without Donor Restrictions       | 32,789            | 23,675           |
| With Donor Restrictions          | <u>63,478</u>     | <u>-</u>         |
| TOTAL NET ASSETS                 | <u>96,267</u>     | <u>23,675</u>    |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 102,628</u> | <u>\$ 28,458</u> |

The accompanying notes are an integral part of these financial statements.

RESTORING HOPE NEPAL  
STATEMENTS OF ACTIVITIES  
Years Ended December 31, 2023 and 2022

|                                                    | <u>2023</u>      | <u>2022</u>      |
|----------------------------------------------------|------------------|------------------|
| NET ASSETS WITHOUT DONOR RESTRICTIONS              |                  |                  |
| REVENUES                                           |                  |                  |
| Contributions                                      | \$ 417,372       | \$ 353,017       |
| Releases from restriction                          | -                | 763,100          |
| TOTAL REVENUES                                     | <u>417,372</u>   | <u>1,116,117</u> |
| EXPENSES                                           |                  |                  |
| Program Services                                   | 363,438          | 1,110,781        |
| Administration                                     | 40,845           | 36,405           |
| Fundraising                                        | 3,975            | 3,085            |
| TOTAL EXPENSES                                     | <u>408,258</u>   | <u>1,150,271</u> |
| CHANGE IN NET ASSETS WITHOUT<br>DONOR RESTRICTIONS | <u>9,114</u>     | <u>(34,154)</u>  |
| NET ASSETS WITH DONOR RESTRICTIONS                 |                  |                  |
| REVENUES                                           |                  |                  |
| Contributions                                      | 63,478           | 336,000          |
| Releases from restriction                          | -                | (763,100)        |
| TOTAL REVENUES                                     | <u>63,478</u>    | <u>(427,100)</u> |
| CHANGE IN TOTAL NET ASSETS                         | <u>72,592</u>    | <u>(461,254)</u> |
| NET ASSETS, Beginning of Year                      |                  |                  |
| Without Donor Restrictions                         | 23,675           | 57,829           |
| With Donor Restrictions                            | -                | 427,100          |
| TOTAL NET ASSETS, Beginning of Year                | <u>23,675</u>    | <u>484,929</u>   |
| NET ASSETS, End of Year                            |                  |                  |
| Without Donor Restrictions                         | 32,789           | 23,675           |
| With Donor Restrictions                            | 63,478           | -                |
| TOTAL NET ASSETS, End of Year                      | <u>\$ 96,267</u> | <u>\$ 23,675</u> |

The accompanying notes are an integral part of these financial statements.

RESTORING HOPE NEPAL  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2023

| Description                | Program<br>Services         | Administration             | Fundraising              | Total                        | Percent |
|----------------------------|-----------------------------|----------------------------|--------------------------|------------------------------|---------|
| Payroll Expenses           | \$ 8,907                    | \$ 26,719                  | \$ -                     | \$ 35,626                    | 8.73%   |
| Payroll Taxes and Benefits | 683                         | 2,050                      | -                        | 2,733                        | 0.67%   |
| Direct Client Services     | 271,930                     | -                          | -                        | 271,930                      | 66.61%  |
| Bank and Credit Card Fees  | -                           | 1,267                      | -                        | 1,267                        | 0.31%   |
| Accounting                 | -                           | 6,100                      | -                        | 6,100                        | 1.49%   |
| Advertising and promotion  | 2,252                       | -                          | -                        | 2,252                        | 0.55%   |
| Supplies                   | -                           | -                          | 3,975                    | 3,975                        | 0.97%   |
| Office Expenses            | -                           | 2,309                      | -                        | 2,309                        | 0.57%   |
| Information Technology     | -                           | 504                        | -                        | 504                          | 0.12%   |
| Registration Fees          | -                           | 127                        | -                        | 127                          | 0.03%   |
| Liability Insurance        | -                           | 1,769                      | -                        | 1,769                        | 0.43%   |
| Travel                     | 79,666                      | -                          | -                        | 79,666                       | 19.51%  |
| Total Expenses             | \$ <u>363,438</u><br>89.03% | \$ <u>40,845</u><br>10.00% | \$ <u>3,975</u><br>0.97% | \$ <u>408,258</u><br>100.00% | 100.00% |

The accompanying notes are an integral part of these financial statements.

RESTORING HOPE NEPAL  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2022

| Description                | Program<br>Services           | Administration            | Fundraising              | Total                          | Percent |
|----------------------------|-------------------------------|---------------------------|--------------------------|--------------------------------|---------|
| Payroll Expenses           | \$ 8,073                      | \$ 24,217                 | \$ -                     | \$ 32,290                      | 2.81%   |
| Payroll Taxes and Benefits | 625                           | 1,875                     | -                        | 2,500                          | 0.22%   |
| Direct Client Services     | 1,026,780                     | -                         | -                        | 1,026,780                      | 89.26%  |
| Bank and Credit Card Fees  | -                             | 1,175                     | -                        | 1,175                          | 0.10%   |
| Accounting                 | -                             | 5,000                     | -                        | 5,000                          | 0.43%   |
| Advertising and promotion  | 810                           | -                         | -                        | 810                            | 0.07%   |
| Supplies                   | -                             | -                         | 3,085                    | 3,085                          | 0.27%   |
| Office Expenses            | -                             | 1,747                     | -                        | 1,747                          | 0.15%   |
| Information Technology     | -                             | 420                       | -                        | 420                            | 0.04%   |
| Registration Fees          | -                             | 234                       | -                        | 234                            | 0.02%   |
| Liability Insurance        | -                             | 1,737                     | -                        | 1,737                          | 0.15%   |
| Travel                     | 74,493                        | -                         | -                        | 74,493                         | 6.48%   |
| Total Expenses             | \$ <u>1,110,781</u><br>96.57% | \$ <u>36,405</u><br>3.16% | \$ <u>3,085</u><br>0.26% | \$ <u>1,150,271</u><br>100.00% | 100.00% |

The accompanying notes are an integral part of these financial statements.



RESTORING HOPE NEPAL  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2023 and 2022

|                                              | <u>2023</u>      | <u>2022</u>      |
|----------------------------------------------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES         |                  |                  |
| Cash Received From:                          |                  |                  |
| Contributions and Other                      | \$ 466,350       | \$ 689,017       |
| Cash Paid For:                               |                  |                  |
| Employees                                    | (37,913)         | (34,741)         |
| Direct Assistance to Clients                 | (271,930)        | (1,026,780)      |
| Suppliers                                    | (95,068)         | (86,964)         |
| Insurance                                    | (1,769)          | (1,737)          |
| Net Cash Flows From Operating Activities     | <u>59,670</u>    | <u>(461,205)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS      | 59,670           | (461,205)        |
| CASH AND CASH EQUIVALENTS, Beginning of Year | <u>28,458</u>    | <u>489,663</u>   |
| CASH AND CASH EQUIVALENTS, End of Year       | \$ <u>88,128</u> | \$ <u>28,458</u> |

RECONCILIATION OF CHANGE IN NET ASSETS TO  
NET CASH FLOWS FROM OPERATING ACTIVITIES

|                                                                                                      | <u>2023</u>      | <u>2022</u>         |
|------------------------------------------------------------------------------------------------------|------------------|---------------------|
| Change in Total Net Assets                                                                           | \$ 72,592        | \$ (461,254)        |
| <i>Adjustments to Reconcile Change in Net Assets<br/>to Net Cash Flows from Operating Activities</i> |                  |                     |
| Changes in Assets and Liabilities:                                                                   |                  |                     |
| (Increase) Decrease in:                                                                              |                  |                     |
| Accounts Receivable                                                                                  | (14,500)         | -                   |
| Increase (Decrease) in:                                                                              |                  |                     |
| Accounts Payable                                                                                     | 1,132            | -                   |
| Payroll Liabilities                                                                                  | <u>446</u>       | <u>49</u>           |
| Net Cash Flows From Operating Activities                                                             | \$ <u>59,670</u> | \$ <u>(461,205)</u> |

The accompanying notes are an integral part of these financial statements.

RESTORING HOPE NEPAL  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended December 31, 2023 and 2022

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of activities

Restoring Hope Nepal (the Organization) is a non-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The mission of the Organization is to provide vocational training and rehabilitative care to support restoration, reintegration and wholeness for women rescued from sex trafficking.

Basis of presentation

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as codified by the Financial Accounting Standards Board.

Cash and Cash Equivalents and Investments in Certificates of Deposit

For the purpose of the statement of cash flows, cash equivalents consist of cash and investments with original maturity of three months or less. Cash restricted for a particular purpose is not considered cash readily available and is not included in cash equivalents.

Promises to Give

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Categories of Net Assets

Net assets are classified as *without donor restrictions* in the absence of donor-imposed restrictions. This category includes net amounts that have been earned and expended according to donor and contract conditions and generally unrestricted activities. Net assets without donor restrictions are used to benefit the Organization at the discretion of the Board of Directors, and for internal operations and administration. This also may include net assets that are restricted by the Board of Directors of the Organization.

Net assets classified as *with donor restrictions* have donor-imposed restrictions that have not been met. Such restrictions may be met by the passage of time or use for a specific purpose, or the assets may be expected to be maintained in perpetuity.

RESTORING HOPE NEPAL  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended December 31, 2023 and 2022

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Categories of Net Assets (continued)

Donor-restricted contributions whose restrictions are met in the same reporting period are reported as *without donor restrictions*. Donor restrictions that expire by either the passage of time or purpose restriction(s) being accomplished are accounted for as net assets released from restriction and reclassified as net assets *without donor restrictions*.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. The Organization received approximately 54% and 62% of contributions from a single source during December 31, 2023 and 2022, respectively.

Cost Allocation and Program Activities

The Organization allocates costs that can be identified specifically with a particular final cost objective directly to the services benefiting. Joint costs are allocated to fundraising, management, and general services on the basis of estimates identifiable with such services. The primary activity groups and their related purposes are summarized as follows:

*Program Services* – Consists of funds expended for the provision of providing vocational training and rehabilitative care with physical and emotional support. Examples include supplies for the location in Nepal, travel expenses to Nepal, and space costs in Nepal.

*Administrative Support* – Consists of funds that are used for administering the Organization and those activities that are not directly attributable to program services such as accounting and administrative overhead costs.

*Fundraising* – Consists of costs associated with activities and events that are designed to create public awareness and financial support for the Organization's programs.

Advertising

The Organization expenses advertising costs as they are incurred. The Organization had advertising costs of \$2,252 and \$810 for the years ended December 31, 2023 and 2022.

RESTORING HOPE NEPAL  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended December 31, 2023 and 2022

**1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

Restoring Hope Nepal is exempt from income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. This code enables the Organization to accept donations that qualify as charitable contributions to the donor. The Organization's increase in net assets is generally not subject to income taxes. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. No provision for income tax has been recorded in the financial statements as management does not believe there was any unrelated business taxable income in 2023 and 2022.

With few exceptions, Restoring Hope Nepal's information returns are not subject to examination for tax years prior to 2020.

**2. LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Organization occasionally receives contributions or grant funds with donor restrictions. Because a donor's or grantor's restrictions requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities. Thus, financial assets may not be available for general expenditure within one year.

The Organization considers contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, and fundraising expenses to be paid in the subsequent year. Annual operations are defined as activities occurring during the Organization's fiscal year.

RESTORING HOPE NEPAL  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended December 31, 2023 and 2022

**2. LIQUIDITY AND AVAILABILITY OF RESOURCES, Continued**

The table below presents financial assets available for general expenditures within one year at December 31, 2023 and 2022:

|                                        | <u>2023</u>             | <u>2022</u>             |
|----------------------------------------|-------------------------|-------------------------|
| Financial assets at year end:          |                         |                         |
| Cash and Cash Equivalents              | \$ 88,128               | \$ 28,458               |
| Accounts Receivable                    | <u>14,500</u>           | <u>-</u>                |
| Total financial assets                 | 102,628                 | 28,458                  |
| <br>Less amounts restricted as to use  | <br><u>(63,478)</u>     | <br><u>-</u>            |
| <br>Financial assets available to meet |                         |                         |
| general expenditures within one year   | \$ <u><u>39,150</u></u> | \$ <u><u>28,458</u></u> |

**3. SUBSEQUENT EVENTS**

The Organization's management has evaluated subsequent events through March 11, 2024, the date the financial statements were available to be issued.