RESTORING HOPE NEPAL

AUDITED FINANCIAL STATEMENTS
Year Ended December 31, 2022 and 2021

RESTORING HOPE NEPAL
Victor, Montana

TABLE OF CONTENTS

Independent Auditor's Report 1

Financial Statements

Statements of Financial Position 3

Statements of Activities 4

Statements of Functional Expenses 5

Statements of Cash Flows 7

Notes to the Financial Statements 8

CARVER FLOREK & JAMES, CPA's
CERTIFIED PUBLIC ACCOUNTANTS

Steven L. Carver, CPA
Gordon H. James, CPA
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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, 2022 and 2021 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, 2022 and 2021, 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.

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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 13, 2023

RESTORING HOPE NEPAL
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	$ 28,458	$ 489,663
TOTAL ASSETS	$ 28,458	$ 489,663
LIABILITIES AND NET ASSETS		
LIABILITIES		
Payroll Liabilities	$ 4,783	$ 4,734
TOTAL LIABILITIES	4,783	4,734
NET ASSETS		
Without Donor Restrictions	23,675	57,829
With Donor Restrictions	-	427,100
TOTAL NET ASSETS	23,675	484,929
TOTAL LIABILITIES AND NET ASSETS	$ 28,458	$ 489,663

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

RESTORING HOPE NEPAL
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2022 and 2021

	2022	2021
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Contributions	$ 353,017	$ 280,520
Releases from restriction	763,100	11,560
TOTAL REVENUES	1,116,117	292,080
EXPENSES		
Program Services	1,110,781	237,784
Administration	36,405	38,580
Fundraising	3,085	2,675
TOTAL EXPENSES	1,150,271	279,039
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(34,154)	13,041
NET ASSETS WITH DONOR RESTRICTIONS		
REVENUES		
Contributions	336,000	427,100
Releases from restriction	(763,100)	(11,560)
TOTAL REVENUES	(427,100)	415,540
CHANGE IN TOTAL NET ASSETS	(461,254)	428,581
NET ASSETS, Beginning of Year		
Without Donor Restrictions	57,829	44,788
With Donor Restrictions	427,100	11,560
TOTAL NET ASSETS, Beginning of Year	484,929	56,348
NET ASSETS, End of Year		
Without Donor Restrictions	23,675	57,829
With Donor Restrictions	-	427,100
TOTAL NET ASSETS, End of Year	$ 23,675	$ 484,929

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 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	$ 1,110,781	$ 36,405	$ 3,085	$ 1,150,271	100.00%
	96.57%	3.16%	0.27%	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, 2021

Description	Program Services	Administration	Fundraising	Total	Percent
Payroll Expenses	$ 8,581	$ 25,741	$ -	$ 34,322	12.30%
Payroll Taxes and Benefits	848	2,545	-	3,393	1.22%
Direct Client Services	205,175	-	-	205,175	73.52%
Bank and Credit Card Fees	-	1,662	-	1,662	0.60%
Accounting	-	4,500	-	4,500	1.61%
Advertising and promotion	1,201	-	-	1,201	0.43%
Supplies	-	-	2,675	2,675	0.96%
Office Expenses	-	2,066	-	2,066	0.74%
Information Technology	-	408	-	408	0.15%
Registration Fees	-	152	-	152	0.05%
Liability Insurance	-	1,506	-	1,506	0.54%
Travel	21,979	-	-	21,979	7.88%
Total Expenses	$ 237,784	$ 38,580	$ 2,675	$ 279,039	100.00%
	85.22%	13.83%	0.95%	100.00%	

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

RESTORING HOPE NEPAL
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From:		
Contributions and Other	$ 689,017	$ 707,620
Cash Paid For:		
Employees	(34,741)	(34,620)
Direct Assistance to Clients	(1,026,780)	(205,175)
Suppliers	(86,964)	(34,643)
Insurance	(1,737)	(1,506)
Net Cash Flows From Operating Activities	(461,205)	431,676
NET CHANGE IN CASH AND CASH EQUIVALENTS	(461,205)	431,676
CASH AND CASH EQUIVALENTS, Beginning of Year	489,663	57,987
CASH AND CASH EQUIVALENTS, End of Year	$ 28,458	$ 489,663

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

	2022	2021
Change in Total Net Assets	$ (461,254)	$ 428,581
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities		
Changes in Assets and Liabilities:		
Increase (Decrease) in:		
Payroll Liabilities	49	3,095
Net Cash Flows From Operating Activities	$ (461,205)	$ 431,676

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

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.

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 62% and 72% of contributions from a single source during December 31, 2022 and 2021, 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 $810 and $1,201 for the years ended December 31, 2022 and 2021.

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 2022 and 2021.

With few exceptions, Restoring Hope Nepal's information returns are not subject to examination for tax years prior to 2019.

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.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES, Continued

The table below presents financial assets available for general expenditures within one year at December 31, 2022 and 2021:

	2022	2021
Financial assets at year end:		
Cash and Cash Equivalents	$ 28,458	$ 489,663
Total financial assets	28,458	489,663
Less amounts not available to be used within one year	-	(427,100)
Financial assets available to meet general expenditures within one year	$ 28,458	$ 62,563

3. SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through March 13, 2023, the date the financial statements were available to be issued.