

**AMERICAN LEPROSY MISSIONS, INC.
DBA HOPE RISES INTERNATIONAL**

***FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***

JUNE 30, 2025

**AMERICAN LEPROSY MISSIONS, INC.
DBA HOPE RISES INTERNATIONAL**

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**Board of Directors
American Leprosy Missions, Inc.
DBA Hope Rises International
Greenville, South Carolina**

Opinion

We have audited the accompanying financial statements of American Leprosy Missions, Inc., DBA Hope Rises International (the “**Organization**”) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025 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 the Organization as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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; 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 the Organization’s ability to continue as a going concern within one year after the date that the financial statements are available to be 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 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.

**Board of Directors
American Leprosy Missions, Inc.
DBA Hope Rises International
Greenville, South Carolina**

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 American Leprosy Missions, Inc.'s 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
October 28, 2025**

**AMERICAN LEPROSY MISSIONS, INC.
DBA HOPE RISES INTERNATIONAL**

STATEMENTS OF FINANCIAL POSITION

June 30, 2025 And 2024

	<u>2025</u>	<u>2024</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 384,442	\$ 211,348
Grant receivable <i>(Note 3)</i>	141,217	146,804
Accrued interest receivable	10,797	27,667
Accounts receivable and advances	205,415	281,401
Prepaid expenses and deposits	182,573	222,427
Right-of-use asset - current <i>(Note 5)</i>	<u>100,275</u>	<u>95,390</u>
Total current assets	<u>1,024,719</u>	<u>985,037</u>
OTHER ASSETS		
Furniture and equipment <i>(Note 2)</i>	102,762	48,188
Investments <i>(Note 4)</i>	5,810,088	7,456,911
Right-of-use asset <i>(Note 5)</i>	52,084	152,359
Beneficial interest in perpetual trusts <i>(Note 4)</i>	8,808,957	7,528,270
Other	<u>12,277</u>	<u>4,597</u>
Total other assets	<u>14,786,168</u>	<u>15,190,325</u>
Total assets	<u>\$15,810,887</u>	<u>\$16,175,362</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 474,324	\$ 406,199
Deferred revenue	683,930	788,692
Lease liabilities - current <i>(Note 5)</i>	<u>101,445</u>	<u>94,221</u>
Total current liabilities	<u>1,259,699</u>	<u>1,289,112</u>
OTHER LIABILITIES		
Lease liabilities <i>(Note 5)</i>	53,253	154,698
Annuity obligations	<u>83,443</u>	<u>97,285</u>
Total other assets	<u>136,696</u>	<u>251,983</u>
Total liabilities	<u>1,396,395</u>	<u>1,541,095</u>
NET ASSETS		
Without donor restrictions	4,481,620	5,937,237
With donor restrictions <i>(Note 6)</i>	<u>9,932,872</u>	<u>8,697,030</u>
Total net assets	<u>14,414,492</u>	<u>14,634,267</u>
Total liabilities and net assets	<u>\$15,810,887</u>	<u>\$16,175,362</u>

AMERICAN LEPROSY MISSIONS, INC. DBA HOPE RISES INTERNATIONAL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2025 With Summarized Information For 2024

	Without Donor Restrictions	With Donor Restrictions	Total	
			2025	2024
Public support and revenue				
Public support				
Contributions and grants	\$ 5,722,229	\$ -	\$ 5,722,229	\$ 5,220,463
Contributions (In-Kind)	6,624,623	-	6,624,623	3,673,852
U.S. Government grants	709,711	-	709,711	392,665
Income from outside trusts	338,278	-	338,278	324,285
Legacies and bequests	1,708,157	-	1,708,157	1,320,715
Net assets released from restriction <i>(Note 6)</i>	<u>164,351</u>	<u>(164,351)</u>	<u>-</u>	<u>-</u>
Total public support	<u>15,267,349</u>	<u>(164,351)</u>	<u>15,102,998</u>	<u>10,931,980</u>
Revenue				
Investment income, net of expenses	128,931	8,661	137,592	132,051
Other	<u>12,269</u>	<u>-</u>	<u>12,269</u>	<u>293</u>
Total revenue	<u>141,200</u>	<u>8,661</u>	<u>149,861</u>	<u>132,344</u>
Total support and revenue	<u>15,408,549</u>	<u>(155,690)</u>	<u>15,252,859</u>	<u>11,064,324</u>
Expenses				
Program services	<u>12,971,788</u>	<u>-</u>	<u>12,971,788</u>	<u>9,647,149</u>
Supporting services				
Fund-raising	3,170,163	-	3,170,163	2,887,997
Management and general	<u>1,076,247</u>	<u>-</u>	<u>1,076,247</u>	<u>1,005,578</u>
Total supporting services	<u>4,246,410</u>	<u>-</u>	<u>4,246,410</u>	<u>3,893,575</u>
Total expenses	<u>17,218,198</u>	<u>-</u>	<u>17,218,198</u>	<u>13,540,724</u>
Change in net assets from operations	(1,809,649)	(155,690)	(1,965,339)	(2,476,400)
Other changes in net assets				
Actuarial gain(loss) on annuities	-	3,843	3,843	(8,178)
Realized and net unrealized gain on investments	354,032	9,962	363,994	397,973
Investment return in excess of amount designated for current operations	-	97,040	97,040	223,832
Change in beneficial interest in perpetual trusts	<u>-</u>	<u>1,280,687</u>	<u>1,280,687</u>	<u>606,048</u>
Total other changes	<u>354,032</u>	<u>1,391,532</u>	<u>1,745,564</u>	<u>1,219,675</u>
Changes in net assets	(1,455,617)	1,235,842	(219,775)	(1,256,725)
Net assets				
Beginning of year	<u>5,937,237</u>	<u>8,697,030</u>	<u>14,634,267</u>	<u>15,890,992</u>
End of year	<u>\$ 4,481,620</u>	<u>\$ 9,932,872</u>	<u>\$ 14,414,492</u>	<u>\$ 14,634,267</u>

**AMERICAN LEPROSY MISSIONS, INC.
DBA HOPE RISES INTERNATIONAL**

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2025 With Summarized Information For 2024

	Program Services	Supporting Services			Total Expenses	
		Fund Raising	Management And General	Total	2025	2024
Salaries	\$ 1,601,003	\$ 465,388	\$ 517,097	\$ 982,485	\$ 2,583,488	\$ 2,583,568
Payroll taxes	129,936	37,723	41,915	79,638	209,574	211,647
Employee health, retirement, and other benefits	<u>521,254</u>	<u>144,008</u>	<u>137,608</u>	<u>281,616</u>	<u>802,870</u>	<u>676,432</u>
Total salaries and related expenses	2,252,193	647,119	696,620	1,343,739	3,595,932	3,471,647
Occupancy	122,993	38,430	30,902	69,332	192,325	191,731
Office supplies and program materials	4,838	1,766	1,548	3,314	8,152	10,149
Professional fees and contract service payments	212,034	53,825	165,195	219,020	431,054	385,231
Travel and meetings	143,428	80,043	32,254	112,297	255,725	328,113
Printing, postage and publications	664,581	2,312,137	55,649	2,367,786	3,032,367	2,798,235
Program disbursements, awards and grants	2,820,298	-	-	-	2,820,298	2,376,487
Donated medical supplies	6,624,623	-	-	-	6,624,623	3,695,016
Media	8,988	1,647	1,830	3,477	12,465	15,087
Depreciation	24,104	6,998	7,776	14,774	38,878	31,370
Miscellaneous	<u>93,708</u>	<u>28,198</u>	<u>84,473</u>	<u>112,671</u>	<u>206,379</u>	<u>237,658</u>
Total expenses – 2025	<u>\$12,971,788</u>	<u>\$3,170,163</u>	<u>\$1,076,247</u>	<u>\$4,246,410</u>	<u>\$17,218,198</u>	
Total expenses – 2024	<u>\$ 9,647,149</u>	<u>\$2,887,997</u>	<u>\$1,005,578</u>	<u>\$3,893,575</u>		<u>\$13,540,724</u>

See notes to financial statements.

AMERICAN LEPROSY MISSIONS, INC. DBA HOPE RISES INTERNATIONAL

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 And 2024

	<u>2025</u>	<u>2024</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
<i>Cash flows from operating activities</i>		
Cash received from contributors	\$ 8,391,469	\$ 7,748,411
Interest and dividends received	175,382	195,806
Grants paid	(2,820,298)	(2,397,651)
Cash paid for other expenditures	<u>(7,556,945)</u>	<u>(7,761,068)</u>
Net cash used for operating activities	<u>(1,810,392)</u>	<u>(2,214,502)</u>
<i>Cash flows from investing activities</i>		
Purchase of building and equipment	(93,452)	(30,659)
Purchase of investments	(1,346,071)	(921,864)
Proceeds from sale of investments	4,090,691	2,627,491
Net change in short-term investments	<u>(657,683)</u>	<u>427,887</u>
Net cash provided by investing activities	<u>1,993,485</u>	<u>2,102,855</u>
<i>Cash flows from financing activities</i>		
Payments to annuitants	<u>(9,999)</u>	<u>(13,563)</u>
Net increase (decrease) in cash and cash equivalents	173,094	(125,210)
<i>Cash and cash equivalents</i>		
Beginning of year	<u>211,348</u>	<u>336,558</u>
End of year	<u>\$ 384,442</u>	<u>\$ 211,348</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ (219,775)	\$ (1,256,725)
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Depreciation	38,878	31,370
Gain on sale of investments	(504,093)	(110,813)
Actuarial (gain) loss on annuities	(3,843)	8,178
Change in unrealized (gains) losses on investments	63,979	(461,788)
Change in beneficial interest in perpetual trusts	(1,280,687)	(606,048)
Amortization of right-of-use asset	105,277	102,483
Operating lease liability	(104,108)	(101,768)
(Increase) decrease in		
Accrued interest receivable	16,870	14,551
Accounts receivable and advances	75,986	(253,728)
Grant receivable	5,587	25,480
Prepaid expenses and deposits	32,174	(56,467)
Increase (decrease) in		
Accounts payable and accrued expenses	68,125	(13,737)
Deferred revenue	<u>(104,762)</u>	<u>464,510</u>
Net cash used for operating activities	<u>\$ (1,810,392)</u>	<u>\$ (2,214,502)</u>

AMERICAN LEPROSY MISSIONS, INC. DBA HOPE RISES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 And 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

American Leprosy Missions, Inc., (the **“Organization”**), is incorporated pursuant to the provisions of the Not-For-Profit Corporation Law of the State of New York. As a non-profit organization, it is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization underwent a re-branding in 2024 and is doing business as Hope Rises International.

The Organization exists to proclaim the gospel in word and deed to persons affected by leprosy and related diseases, helping them to be healed in body and spirit and restored to lives of dignity and hope.

American Leprosy Mission International LLC was created in 2016 as a PEO (professional employer organization) for the Organization’s foreign workers. American Leprosy Mission International LLC is a disregarded identity and is solely owned by the Organization.

ACCOUNTING ESTIMATES

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

INCOME TAX STATUS

The Organization is a public charity and qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Management has reviewed the tax positions for each of the open fiscal tax years (2023 – 2024) or expected to be taken in the organization’s current fiscal year tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

CASH EQUIVALENTS

All highly liquid investments purchased with a maturity of three months or less are considered to be cash equivalents.

CONCENTRATION OF CREDIT AND MARKET RISK

The Organization occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification (**“ASC”**) 825, **“Financial Instruments”**, identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

Market risk represents the potential loss the Organization faces due to the decrease in the value of marketable securities. Credit risk represents the potential loss the Organization faces due to the possible nonperformance by obligors and counterparts of the terms of their contracts. The Organization routinely assess the financial strength and diversity of the holdings in its investment portfolio. The degree and concentration of credit and market risk varies by type of investment.

FURNITURE AND EQUIPMENT

Furniture and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated life of the asset – 3 to 10 years for furniture and equipment.

AMERICAN LEPROSY MISSIONS, INC. DBA HOPE RISES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2025 And 2024

At the time furniture and equipment become fully depreciated, are retired or disposed of, the accumulated depreciation applicable thereof is charged against the respective asset account and any gain or loss on disposal is credited or charged directly to income.

INVESTMENTS

Investments consist of marketable securities which are stated at market value with gains and losses, both realized and unrealized, included in the statement of activities.

LIFE INCOME AGREEMENTS

The funds held subject to life income provisions include amounts held subject to the payment to life beneficiaries of stated amounts in the case of gift annuities. On maturity, the remainder interests revert to the organization. In accordance with provisions of the New York State Insurance Laws and the U.S. Internal Revenue Code, the assets of the segregated gift annuity are segregated from other assets of the organization.

The actuarial valuations of the gift annuities are recorded as annuity obligations. The present value of the segregated gift annuities was determined using discount rates ranging from 1.2% to 7.0%.

REVENUE RECOGNITION

The Organization recognizes contributions when cash, securities or other assets, and unconditional promise to give, or a notification of a beneficial interest is received. Conditional contributions include donor-imposed conditions with one or more barriers that must be overcome before the Organization is entitled to the assets transferred or promised and there is a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. The Organization recognizes the contribution when the conditions are substantially met or explicitly waived. Unconditional contributions are classified as without donor restrictions unless there are donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are then classified to net assets without donor restrictions and reported in the statement of activities as “***net assets released from restrictions.***”

A portion of the Organization’s revenue is derived from cost-reimbursable federal and other grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

CONTRIBUTIONS (IN-KIND)

During the years ended June 30, 2025 and 2024, the Organization received various contributions in-kind. These contributions (in-kind) consisted of pharmaceuticals and medical supplies that are used to treat leprosy and related diseases. Donated pharmaceuticals and medical supplies are recorded at estimated fair value based upon the pricing source inputs which consider wholesale prices and donor values on date of receipt. During the years ended June 30, 2025 and 2024, the Organization received and distributed \$6,624,623 and \$3,673,852, respectively, of various pharmaceuticals and medical supplies. As a result, contributions (in-kind) and program disbursements, awards and grant expense include the value of the donated pharmaceuticals and medical supplies. Unless otherwise noted, contributions (in-kind) did not have donor-imposed restrictions.

AMERICAN LEPROSY MISSIONS, INC. DBA HOPE RISES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2025 And 2024

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. The Organization's payroll, taxes and benefit expenses are allocated based on analysis of time and effort, while other costs are charged directly to the program or department in which the expense was incurred.

NET ASSETS

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing mission of the Organization.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt, including gifts; pledges; and investment returns on “true” endowment funds. Expirations of restrictions of net assets with donor restrictions are reported as net assets released from restriction.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization, including gifts wherein donors stipulate that the corpus of the gift be held in perpetuity (primarily gifts for endowment) and that only the income be made available for operations or other purposes.

SUMMARIZED INFORMATION

The financial statements include certain prior-year summarized information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the the Organization's audited financial statements for the year ended June 30, 2024, from which the summarized information was derived.

RECLASSIFICATIONS

Certain reclassifications were made to the 2024 financial statements to conform to the 2025 presentation.

(2) FURNITURE AND EQUIPMENT

Building and equipment at June 30, 2025 and 2024 are summarized as follows:

	<u>2025</u>	<u>2024</u>
Furniture and improvements	\$ 60,866	\$ 60,866
Equipment	<u>578,804</u>	<u>485,352</u>
	639,670	546,218
Less accumulated depreciation	<u>(536,908)</u>	<u>(498,030)</u>
	<u>\$ 102,762</u>	<u>\$ 48,188</u>

AMERICAN LEPROSY MISSIONS, INC. DBA HOPE RISES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2025 And 2024

(3) GRANT RECEIVABLE

Grant receivable is due as follows at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Due in less than a year	<u>\$ 141,217</u>	<u>\$ 146,804</u>
Total grant receivable	<u>\$ 141,217</u>	<u>\$ 146,804</u>

(4) INVESTMENTS

Cost and market values at June 30, 2025 and 2024 are summarized as follows:

	<u>2025</u>		<u>2024</u>	
<u>Net Assets</u>	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Without donor restrictions	<u>\$ 4,033,537</u>	<u>\$ 4,697,852</u>	<u>\$ 5,549,813</u>	<u>\$ 6,281,143</u>
With donor restrictions				
Segregated Gift Annuity Agreements	125,368	128,976	288,976	289,548
Accumulated Endowment Income	737,346	737,346	640,306	640,306
Investment in Perpetuity	<u>245,914</u>	<u>245,914</u>	<u>245,914</u>	<u>245,914</u>
Total	<u>\$ 5,142,165</u>	<u>\$ 5,810,088</u>	<u>\$ 6,725,009</u>	<u>\$ 7,456,911</u>

The components of marketable securities at June 30, 2025 and 2024 are:

	<u>2025</u>		<u>2024</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Cash and cash equivalents	\$ 1,127,397	\$ 1,127,397	\$ 469,714	\$ 469,714
U.S. Government bonds	443,787	444,472	2,249,702	2,232,931
Corporate and municipal bonds	741,191	747,022	708,682	684,241
Common and preferred stocks	1,356,278	1,892,751	1,612,051	2,269,897
Mutual funds	<u>1,473,512</u>	<u>1,598,446</u>	<u>1,684,860</u>	<u>1,800,128</u>
	<u>\$ 5,142,165</u>	<u>\$ 5,810,088</u>	<u>\$ 6,725,009</u>	<u>\$ 7,456,911</u>

At June 30, 2025 and 2024, the portfolio of marketable securities had unrealized gains of \$667,923 and \$731,902, respectively.

Investment income in the statement of activities and changes in net assets is shown net of \$59,301 and \$55,580 of investment management fees for the years ended June 30, 2025 and 2024, respectively.

The Organization has adopted the total return concept for Endowment Fund income (*See Note 5*). Under this concept, endowment income to be distributed is established at 6% of the average market values of the endowment assets of the prior five years. There were no endowment income distributions for operations in the years ended June 30, 2025 and 2024.

AMERICAN LEPROSY MISSIONS, INC. DBA HOPE RISES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2025 And 2024

The following schedule summarizes the investment return of the endowment funds, which is classified as with donor restrictions in the statement of activities for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Interest and dividends (net of management fees of \$9,219 and \$13,882)	\$ 20,920	\$ 49,204
Net realized and unrealized gains	<u>76,120</u>	<u>174,628</u>
Investment return in excess of amounts designated for current operations	<u>\$ 97,040</u>	<u>\$ 223,832</u>

The Organization utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.
- Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.
- Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Organization's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value the Organization's investments as of June 30, 2025 and 2024 is as follows:

	<u>2025</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$1,127,397	\$1,127,397	\$ -	\$ -
U.S. Government bonds	444,472	-	444,472	-
Corporate and municipal bonds	747,022	-	747,022	-
Common and preferred stocks	1,892,751	1,892,751	-	-
Mutual funds	<u>1,598,446</u>	<u>1,598,446</u>	<u>-</u>	<u>-</u>
Total	<u>\$5,810,088</u>	<u>\$4,618,594</u>	<u>\$1,191,494</u>	<u>\$ -</u>
Beneficial interest in trust	<u>\$8,808,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$8,808,957</u>

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NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2025 And 2024

	2024			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 469,714	\$ 469,714	\$ -	\$ -
U.S. Government bonds	2,232,931	-	2,232,931	-
Corporate and municipal bonds	684,241	-	684,241	-
Common and preferred stocks	2,269,897	2,269,897	-	-
Mutual funds	<u>1,800,128</u>	<u>1,800,128</u>	<u>-</u>	<u>-</u>
Total	<u>\$7,456,911</u>	<u>\$4,539,739</u>	<u>\$2,917,172</u>	<u>\$ -</u>
Beneficial interest in trust	<u>\$7,528,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$7,528,270</u>

The changes in the financial instruments as of June 30, 2025 and 2024 for which the Organization used level 3 inputs to determine fair value are as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$7,528,270	\$ 6,922,222
Unrealized gains – change in valuation	<u>1,280,687</u>	<u>606,048</u>
Balance, end of year	<u>\$8,808,957</u>	<u>\$ 7,528,270</u>

The beneficial interest in perpetual trust is measured at estimated future cash flows which involve unobservable inputs. As a result, the present value techniques would be Level 3 inputs.

(5) LEASES

The Organization leases office space in Greenville, South Carolina under a lease agreement with an initial term greater than 12 months. the Organization determines whether an agreement is or contains a lease at lease inception. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease, measured at an amount equal to the present value of the minimum lease payments over the remaining expected term of the lease. Amortization expense and interest expense related to the Organization's finance leases are included in occupancy and office expense on the statement of functional expenses.

In determination of the lease term, the Organization considers the likelihood of lease renewal options and lease termination provisions.

The discount rate for a lease is derived from the rate implicit in the lease whenever readily determinable or the Organization's incremental borrowing rate.

AMERICAN LEPROSY MISSIONS, INC.
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June 30, 2025 And 2024

The following quantitative data related to the Organization's operating leases for the year ended June 30, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Operating Lease Amounts:		
Right-of-use assets	\$ 152,359	\$ 247,749
Lease liabilities	154,698	248,919
Other Information:		
Operating outgoing cash flows for operating leases	\$ 104,108	\$ 101,768
Weighted-average remaining lease term	1.50 years	2.50 years
Weighted average discount rate	5.00%	5.00%

Lease cost information for the years ended June 30, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Operating lease cost	<u>\$ 105,277</u>	<u>\$ 102,483</u>

Future lease payments at June 30, 2025 are as follows:

<u>Year Ending June 30,</u>	<u>Rent</u> <u>Commitments</u>
2026	\$ 106,447
2027	<u>53,809</u>
Total minimum future rentals	160,256
Less: present value adjustment	<u>(5,558)</u>
Lease liability	154,698
Lease liability – current portion	<u>(101,445)</u>
	<u>\$ 53,253</u>

(6) NET ASSETS

Net assets with donor restrictions are available for the following purposes as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for a special purpose or time:		
Program services	\$ 104,890	\$ 104,890
Life Income Agreements	35,765	177,650
Accumulated Endowment Income	<u>737,346</u>	<u>640,306</u>
	<u>878,001</u>	<u>922,846</u>
Perpetual in nature:		
Investment in perpetuity, the income from which is expendable to support any activities of the organization	245,914	245,914
Beneficial interest in perpetual trusts	<u>8,808,957</u>	<u>7,528,270</u>
	<u>9,054,871</u>	<u>7,774,184</u>
	<u>\$ 9,932,872</u>	<u>\$ 8,697,030</u>

AMERICAN LEPROSY MISSIONS, INC. DBA HOPE RISES INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2025 And 2024

Net assets were released from donor restriction by incurring expenditures satisfying the restricted purpose as follows during the year ended June 30, 2025:

Time restrictions met - gift annuity reserves	<u>\$164,351</u>
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ENDOWMENT FUNDS

The Organization's endowment fund consists of donor-restricted endowment funds. As required by GAAP in the United States, net assets associated with endowment funds, including funds designated by the Organization to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

INTERPRETATION OF RELEVANT LAW

The Organization is incorporated in the state of New York, which has enacted a version of the Uniform Prudent Management of Institutional Funds Act ("**UPMIFA**"). UPMIFA governs donor restricted or permanently restricted endowment funds for not-for-profit corporations. the Organization has interpreted the applicable state standards and guidelines for the prudent management of an endowment fund as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund (i.e. the accumulated realized and unrealized gains/losses) is also classified in net assets with donor restrictions. the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the institution.
- (8) The investment policies of the Organization

RETURN OBJECTIVES AND RISK PARAMETERS

The total rate of return (net of fees) is expected to equal or exceed a passive investment in commonly quoted market indices (benchmarks) based on a long-term optimal asset allocation.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). the Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2025 And 2024

SPENDING POLICY

In 2013, the Organization adopted a policy of appropriating for distribution an approved percentage of its endowment funds' average fair value over the prior five years. There was no distribution made for the years ended June 30, 2025 and 2024.

FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or state standards require the Organization to retain as a fund of perpetual duration. At June 30, 2025 and 2024, no donor restricted endowment funds have fallen below the required level.

Endowment net asset composition by type of fund as of June 30, 2025 and 2024:

	<u>June 30, 2025</u> <u>With Donor</u> <u>Restrictions</u>
Donor-restricted endowment funds	<u>\$ 983,260</u>

	<u>June 30, 2024</u> <u>With Donor</u> <u>Restrictions</u>
Donor-restricted endowment funds	<u>\$ 886,220</u>

The Organization classifies the original value of gifts received and the income earned on such gifts as net assets with donor restrictions.

	<u>June 30, 2025</u> <u>With Donor</u> <u>Restrictions</u>
Endowment net assets, beginning of year	\$ 886,220
Investment return <i>(See Note 3)</i>	<u>97,040</u>
	<u>\$ 983,260</u>

	<u>June 30, 2024</u> <u>With Donor</u> <u>Restrictions</u>
Endowment net assets, beginning of year	\$ 662,388
Investment return <i>(See Note 3)</i>	<u>223,832</u>
	<u>\$ 886,220</u>

(7) RETIREMENT PLAN

The Organization contributes to a defined contribution plan covering substantially all of its employees. Contributions to the plan are based upon earnings and are accrued and funded on a current basis. Retirement contributions were approximately \$219,000 and \$217,000 for the years ended June 30, 2025 and 2024, respectively.

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NOTES TO FINANCIAL STATEMENTS – (Continued)

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(8) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Organization strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments. As part of the the Organization's liquidity management, it has a practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

The following table reflects the Organization's financial assets as of June 30, 2025 and 2024, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor and/or contractual restrictions.

	<u>2025</u>	<u>2024</u>
Financial Assets		
Cash and cash equivalents	\$ 384,442	\$ 211,348
Investments	5,810,088	7,456,911
Accrued interest receivable	10,797	27,667
Grants and other receivables	<u>141,217</u>	<u>146,804</u>
Total financial assets	6,346,544	7,842,730
Less:		
Donor-restricted endowment	(983,260)	(886,220)
Net assets with donor restrictions	<u>(35,765)</u>	<u>(177,650)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 5,327,519</u>	<u>\$ 6,778,860</u>

(9) GRANTS

During the years ended June 30, 2025 and 2024, the Organization awarded grants for projects affected by leprosy and related diseases, as follows:

	<u>2025</u>	<u>2024</u>
Benin	\$ 98,447	\$ 59,770
Bolivia	19,853	43,479
Cameroon	31,968	48,935
Cote D'Ivoire	184,062	73,068
DR – Congo	123,418	144,745
Ethiopia	35,291	-
Ghana	567,167	159,649
Great Britain	191,597	-
India	217,080	235,000
Liberia	104,545	172,352
Nepal	460,687	252,092
Nigeria	-	44,000
Senegal	127,430	136,361
Sierra Leone	-	52,700
Tanzania	11,000	-
Other Research	192,776	391,872
Gifts-in-Kind	6,624,623	3,695,016
Training and Other	<u>454,977</u>	<u>562,464</u>
	<u>\$ 9,444,921</u>	<u>\$ 6,071,503</u>

**AMERICAN LEPROSY MISSIONS, INC.
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NOTES TO FINANCIAL STATEMENTS – (Continued)

June 30, 2025 And 2024

(10) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, October 28, 2025, have been evaluated in the preparation of the financial statements.