



HOPE WALKS

FREEDOM FROM CLUBFOOT

HOPE WALKS, INC.

Financial Statements
With Independent Auditors' Report

June 30, 2024 and 2023

HOPE WALKS, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hope Walks, Inc.
York Springs, PA

Opinion

We have audited the accompanying financial statements of Hope Walks, Inc., which comprise the statements of financial position as of June 30, 2024 and 2023, 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 Hope Walks, Inc. as of June 30, 2024 and 2023, 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. 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 Hope Walks, Inc. 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, 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 Hope Walks, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
Hope Walks, Inc.
York Springs, PA

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 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 Hope Walks, Inc.'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 Hope Walks, Inc.'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 audits.

Capin Crouse LLP

Colorado Springs, Colorado
November 20, 2024

HOPE WALKS, INC.

Statements of Financial Position

	June 30,	
	<u>2024</u>	<u>2023</u>
ASSETS:		
Cash and cash equivalents	\$ 1,823,653	\$ 1,726,577
Grants receivable	80,000	135,000
Prepaid expenses and other assets	53,763	84,461
Operating leases–right-of-use assets	88,047	134,685
Furniture and equipment-net	134,872	204,948
	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,180,335</u>	<u>\$ 2,285,671</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 66,022	\$ 31,146
Accrued expenses	51,518	62,552
Operating lease obligations	88,047	134,685
Total Liabilities	<u>205,587</u>	<u>228,383</u>
Net Assets:		
Without donor restrictions	1,654,140	1,784,448
With donor restrictions	320,608	272,840
Total Net Assets	<u>1,974,748</u>	<u>2,057,288</u>
Total Liabilities and Net Assets	<u>\$ 2,180,335</u>	<u>\$ 2,285,671</u>

See notes to financial statements

HOPE WALKS, INC.

Statements of Activities

	Year Ended June 30,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 1,100,395	\$ 2,823,198	\$ 3,923,593	\$ 1,241,805	\$ 2,433,933	\$ 3,675,738
Donated medical services and clinic space	192,567	-	192,567	109,427	-	109,427
Other gains	94,134	-	94,134	27,089	-	27,089
Total Support and Revenue	1,387,096	2,823,198	4,210,294	1,378,321	2,433,933	3,812,254
NET ASSETS RELEASED:						
Purpose and time restrictions	2,775,430	(2,775,430)	-	2,900,932	(2,900,932)	-
EXPENSES:						
Program activities	3,368,700	-	3,368,700	3,172,383	-	3,172,383
Supporting activities:						
Fund-raising	672,503	-	672,503	599,216	-	599,216
General and administrative	251,631	-	251,631	283,428	-	283,428
	924,134	-	924,134	882,644	-	882,644
Total Expenses	4,292,834	-	4,292,834	4,055,027	-	4,055,027
Change in Net Assets	(130,308)	47,768	(82,540)	224,226	(466,999)	(242,773)
Net Assets, Beginning of Year	1,784,448	272,840	2,057,288	1,560,222	739,839	2,300,061
Net Assets, End of Year	\$ 1,654,140	\$ 320,608	\$ 1,974,748	\$ 1,784,448	\$ 272,840	\$ 2,057,288

See notes to financial statements

HOPE WALKS, INC.

Statement of Functional Expenses

Year ended June 30, 2024

	<u>Program Activities</u>	<u>Supporting Activities:</u>		<u>Total</u>
		<u>Fund-raising</u>	<u>General and Administrative</u>	
Personnel and labor	\$ 980,091	\$ 336,224	\$ 62,340	\$ 1,378,655
Medical partner grants	1,307,742	-	-	1,307,742
Activities and materials	352,679	2,212	35	354,926
Marketing and advancement	15,200	235,263	444	250,907
Travel	220,099	24,956	2,366	247,421
Occupancy and depreciation	200,128	-	18,804	218,932
Professional services	13,183	18,393	105,079	136,655
Training	105,968	2,118	10,798	118,884
Information technology	81,173	26,744	4,543	112,460
Office expense	68,729	8,581	17,264	94,574
Financing, fees, and insurance	23,708	18,012	29,958	71,678
	<u>\$ 3,368,700</u>	<u>\$ 672,503</u>	<u>\$ 251,631</u>	<u>\$ 4,292,834</u>

See notes to financial statements

HOPE WALKS, INC.

Statement of Functional Expenses

Year ended June 30, 2023

	<u>Program Activities</u>	<u>Supporting Activities:</u>		<u>Total</u>
		<u>Fund-raising</u>	<u>General and Administrative</u>	
Personnel and labor	\$ 956,788	\$ 271,678	\$ 92,013	\$ 1,320,479
Medical partner grants	1,243,140	-	-	1,243,140
Activities and materials	305,601	-	-	305,601
Marketing and advancement	11,048	244,599	-	255,647
Travel	203,662	24,776	1,255	229,693
Occupancy and depreciation	167,791	-	4,242	172,033
Professional services	1,375	1,479	128,519	131,373
Training	133,623	485	7,999	142,107
Information technology	74,510	32,197	4,563	111,270
Office expense	58,634	5,174	6,846	70,654
Financing, fees, and insurance	16,211	18,828	37,991	73,030
	<u>\$ 3,172,383</u>	<u>\$ 599,216</u>	<u>\$ 283,428</u>	<u>\$ 4,055,027</u>

See notes to financial statements

HOPE WALKS, INC.

Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (82,540)	\$ (242,773)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	72,917	60,151
Gain on sale of furniture and equipment	(25,555)	-
Change in operating assets and liabilities:		
Grants receivable	55,000	189,176
Prepaid expenses and other assets	30,698	(5,650)
Accounts payable	34,876	(6,877)
Accrued expenses	(11,034)	30,842
Net Cash Provided by Operating Activities	<u>74,362</u>	<u>24,869</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of furniture and equipment	(5,649)	(42,549)
Proceeds from sale of furniture and equipment	28,363	-
Net Cash Provided (Used) in Investing Activities	<u>22,714</u>	<u>(42,549)</u>
Change in Cash and Cash Equivalents	97,076	(17,680)
Cash and Cash Equivalents, Beginning of Year	<u>1,726,577</u>	<u>1,744,257</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,823,653</u>	<u>\$ 1,726,577</u>
SUPPLEMENTAL DISCLOSURE:		
Right-of-use assets obtained in exchange for operating lease obligations	<u>\$ 7,569</u>	<u>\$ 165,767</u>

See notes to financial statements

HOPE WALKS, INC.

Notes to Financial Statements

June 30, 2024 and 2023

1. NATURE OF ORGANIZATION:

Hope Walks, Inc. (HWI) started operations in May 2019 and is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law(s). Hope Walks, Inc. is not a private foundation under Section 509(a) of the Internal Revenue Code.

Clubfoot needlessly disables thousands of children every year even though there is a cost-effective and relatively simple treatment available. HWI frees children and families from the physical, emotional, and economic burden of clubfoot. Our vision is hope for every child and family to walk free from clubfoot and encounter the love of Christ as we believe that God loves and values all His children, and that through this ministry God will be glorified.

HWI builds clubfoot treatment programs within the national healthcare systems by forming a network of partnerships to train and equip local healthcare providers and provide dedicated parent support and education. Building capacity for excellent clubfoot care within national healthcare systems requires a multi-faceted strategy to overcome the many barriers to effective implementation in developing countries. HWI's strategy includes education and mentoring in the best practice Ponseti method, equipping facilities with resources, raising awareness, providing dedicated parent support and community outreach. In this context, partnerships and local leadership are foundational for success. It is HWI's desire to welcome families and patients regardless of gender, race, religion, tribe, and economic status and provide compassionate, excellent clubfoot treatment. These actions build trust and develop relationships. Through quality treatment and compassionate care, we make freedom from clubfoot a reality.

HWI currently supports clubfoot treatment programs in over 190 partner clubfoot clinics across Burkina Faso, Burundi, Democratic Republic of the Congo, Dominican Republic, Ethiopia, Ghana, Haiti, Honduras, Kenya, Malawi, Mozambique, Niger, Rwanda, and Zambia. All of these partners, except for those in Ethiopia, Niger, and Rwanda, do not meet the consolidation requirements within accounting principles generally accepted in the United States of America; therefore, the balances and activities of these partner ministries are not included within the financial statements. The activities in Ethiopia, Niger, and Rwanda are conducted as field offices of HWI and are reflected in these financial statements.

HWI maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. 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 and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

HOPE WALKS, INC.

Notes to Financial Statements

June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in checking and savings accounts, cash on hand, and money market funds. As of June 30, 2024 and 2023, cash on deposit with financial institutions exceeded federally insured limits by approximately \$116,000 and \$1,377,000, respectively.

GRANTS RECEIVABLE

Grants receivable represent amounts due to HWI that have not been received from granting organizations as of year end. Management expects to receive the full amount of the receivables; therefore, no allowance for uncollectible amounts has been recorded. All grants receivable are expected to be collected within one year.

CONDITIONAL GRANT EXPENSES

During the years ended June 30, 2024 and 2023, HWI entered into conditional grant expense agreements in the amounts of \$43,930 and \$67,853, respectively. These agreements were signed and funded as of June 30, 2024 and 2023, and are included in prepaid expenses and other assets on the statements of financial position as of June 30, 2024 and 2023.

OPERATING LEASES—RIGHT-OF-USE ASSETS AND OBLIGATIONS

Some of HWI's contracts contain the right to control the use of property or assets and are therefore considered leases. HWI records right-of-use assets and obligations on the statements of financial position for the rights and obligations created by leases with initial terms of more than twelve months. The additional lease disclosures can be found in Note 4.

FURNITURE AND EQUIPMENT—NET

Equipment is recorded at cost if purchased and includes improvements that significantly add to utility or extend useful lives. Costs of maintenance and repairs are charged to expense as incurred. Depreciation is recorded using the straight-line method over the estimated useful lives, which range from three to five years. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in support and revenue for the period. Purchases in excess of \$1,000 are capitalized, with lesser amounts expensed when incurred.

NET ASSETS

The financial statements report amounts separately by class of net assets as follows:

Net assets without donor restrictions are those resources currently available for use at the discretion of the board of directors in HWI's operations.

Net assets with donor restrictions are those contributions restricted by donors for various ministry projects and programs.

HOPE WALKS, INC.

Notes to Financial Statements

June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. All contributions are considered available for use without donor restrictions unless specifically restricted by the donor.

Donated medical services and clinic space consist of donated services, supplies, and use of facilities. Donated services are recorded at the estimated fair values of the services received. Contributed supplies are recorded at estimated fair value at the date of donation. The contributed use of facilities is recorded at estimated fair value based on rental rates of comparable facilities in the area. Gift-in-kind contributions are received without any donor restrictions and are primarily utilized in HWI's program activities.

FUNCTIONAL ALLOCATION OF EXPENSES

The statements of functional expenses and statements of activities present expenses by functional classification that are attributable to one or more program or supporting functions. Accordingly, certain costs, such as personnel and development have been allocated among the program services and supporting activities benefited based on time and effort.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects HWI's financial assets, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. All of HWI's financial assets as of June 30, 2024 and 2023, are considered available for general expenditure within one year.

	June 30,	
	2024	2023
Cash and cash equivalents	\$ 1,823,653	\$ 1,726,577
Grants receivable	80,000	135,000
	<u>\$ 1,903,653</u>	<u>\$ 1,861,577</u>

HWI has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

HOPE WALKS, INC.

Notes to Financial Statements

June 30, 2024 and 2023

4. OPERATING LEASES—RIGHT-OF-USE ASSETS AND OBLIGATIONS:

Hope Walks leases office space under five noncancelable operating leases expiring at various dates through 2026. The discount rates used represent the risk-free discount rates using a period comparable with that of the individual lease terms. Three of the leases require monthly payments totaling \$4,382. Two of the lease require quarterly or semiannual payments ranging from \$370-\$2,304. Discount rates on the leases range from 2.84%-4.94%.

	June 30,	
	2024	2023
Operating lease—right-of-use assets	\$ 88,047	\$ 134,685
Operating lease obligations	\$ 88,047	\$ 134,685
Operating lease costs	\$ 58,670	\$ 27,837
Short-term lease cost	\$ -	\$ 2,700
Weighted-average discount rate	3.76%	3.71%
Weighted-average remaining lease term	1.65 years	2.65 years

Future minimum lease payments required under the operating lease that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

<u>Year Ending June 30,</u>	
2025	\$ 57,190
2026	31,458
2027	2,304
	90,952
Less imputed interest	(2,905)
	\$ 88,047

HOPE WALKS, INC.

Notes to Financial Statements

June 30, 2024 and 2023

5. FURNITURE AND EQUIPMENT–NET:

Furniture and equipment–net consists of:

	June 30,	
	2024	2023
Furniture and equipment	\$ 62,404	\$ 56,757
Vehicles and machinery	114,931	127,890
Program IT	152,199	152,199
	<u>329,534</u>	<u>336,846</u>
Less accumulated depreciation and amortization	<u>(194,662)</u>	<u>(131,898)</u>
	<u>\$ 134,872</u>	<u>\$ 204,948</u>

Depreciation expense of \$72,917 and \$60,151 has been recorded for the years ended June 30, 2024 and 2023, respectively.

6. DONATED MEDICAL SERVICES AND CLINIC SPACE:

Donated medical services and clinic space consists of:

	June 30,	
	2024	2023
Donated medical services	\$ 106,338	\$ 66,056
Contributed clinic space, office rent, and other	86,229	43,371
	<u>\$ 192,567</u>	<u>\$ 109,427</u>

HOPE WALKS, INC.

Notes to Financial Statements

June 30, 2024 and 2023

7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consists of:

	June 30,	
	2024	2023
Ethiopia	\$ 146,320	\$ 45,730
Time restricted	80,000	135,000
Dominican Republic	50,196	-
Hope Walks Global Programs	26,161	32,251
Brace Painting	17,931	-
North Sudan	-	48,434
Honduras	-	5,929
Hope Walks Fundraising	-	5,496
	<u>\$ 320,608</u>	<u>\$ 272,840</u>

In connection with its foreign projects, HWI maintains programs and supporting facilities and services in various countries outside the United States. For the years ended June 30, 2024 and 2023, assets in other countries totaled approximately \$135,000 and \$205,000, respectively. The account balances relating to foreign operations are reflected in the financial statements in U.S. Dollars.

8. RELATED PARTY TRANSACTIONS:

Contributions received from board members totaled \$153,182 and \$152,169, during the years ended June 30, 2024 and 2023, respectively.

9. CONCENTRATIONS:

During the years ended June 30, 2024 and 2023, the top five donors gave \$2,359,050 and \$2,203,512, respectively, to HWI. This represents approximately 60% of HWI's contributions during the years ended June 30, 2024 and 2023.

10. SUBSEQUENT EVENTS:

Subsequent events were evaluated through November 20, 2024, which is the date the financial statements were available to be issued.