



HOPE WALKS

FREEDOM FROM CLUBFOOT

HOPE WALKS, INC.

Financial Statements
With Independent Auditor's Report

June 30, 2025 and 2024

HOPE WALKS, INC.

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses - 2025	5
Statement of Functional Expenses - 2024	6
Statements of Cash Flows	7
Notes to Financial Statements	8

INDEPENDENT AUDITOR'S 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, 2025 and 2024, 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, 2025 and 2024, 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 *Auditor's 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

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 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 LLC

Colorado Springs, Colorado
November 14, 2025

HOPE WALKS, INC.

Statements of Financial Position

	June 30,	
	2025	2024
ASSETS:		
Cash and cash equivalents	\$ 1,792,086	\$ 1,823,653
Grants receivable	339,750	80,000
Prepaid expenses and other assets	98,860	53,763
Operating leases—right-of-use assets	48,844	88,047
Furniture and equipment-net	157,013	134,872
Total Assets	<u>\$ 2,436,553</u>	<u>\$ 2,180,335</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 57,983	\$ 66,022
Accrued expenses	37,155	51,518
Operating lease obligations	48,844	88,047
Total Liabilities	<u>143,982</u>	<u>205,587</u>
Net Assets:		
Without donor restrictions	1,811,877	1,654,140
With donor restrictions	480,694	320,608
Total Net Assets	<u>2,292,571</u>	<u>1,974,748</u>
Total Liabilities and Net Assets	<u>\$ 2,436,553</u>	<u>\$ 2,180,335</u>

See notes to financial statements

HOPE WALKS, INC.

Statements of Activities

	Year Ended June 30,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions and grants	\$ 1,623,765	\$ 2,791,195	\$ 4,414,960	\$ 1,100,395	\$ 2,823,198	\$ 3,923,593
Donated medical services and clinic space	159,247	-	159,247	192,567	-	192,567
Other income	122,498	-	122,498	94,134	-	94,134
Total Support and Revenue	1,905,510	2,791,195	4,696,705	1,387,096	2,823,198	4,210,294
NET ASSETS RELEASED:						
Purpose and time restrictions	2,631,109	(2,631,109)	-	2,775,430	(2,775,430)	-
EXPENSES:						
Program activities	3,397,998	-	3,397,998	3,368,700	-	3,368,700
Supporting activities:						
Fund-raising	740,679	-	740,679	672,503	-	672,503
General and administrative	240,205	-	240,205	251,631	-	251,631
	980,884	-	980,884	924,134	-	924,134
Total Expenses	4,378,882	-	4,378,882	4,292,834	-	4,292,834
Change in Net Assets	157,737	160,086	317,823	(130,308)	47,768	(82,540)
Net Assets, Beginning of Year	1,654,140	320,608	1,974,748	1,784,448	272,840	2,057,288
Net Assets, End of Year	\$ 1,811,877	\$ 480,694	\$ 2,292,571	\$ 1,654,140	\$ 320,608	\$ 1,974,748

See notes to financial statements

HOPE WALKS, INC.

Statement of Functional Expenses

Year ended June 30, 2025

	Program Activities	Supporting Activities:		Total
		Fundraising	General and Administrative	
Personnel and labor	\$ 1,100,753	\$ 443,516	\$ 63,764	\$ 1,608,033
Medical partner grants	1,310,721	-	-	1,310,721
Activities and materials	366,792	66	-	366,858
Travel	163,029	42,856	3,770	209,655
Marketing and advancement	15,129	190,329	-	205,458
Occupancy and depreciation	182,154	-	19,925	202,079
Professional services	26,310	8,764	87,475	122,549
Training	90,805	2,270	10,948	104,023
Information technology	53,493	37,861	8,585	99,939
Office expense	66,824	6,766	5,494	79,084
Other	21,988	8,251	40,244	70,483
Total expenses	<u>\$ 3,397,998</u>	<u>\$ 740,679</u>	<u>\$ 240,205</u>	<u>\$ 4,378,882</u>

See notes to financial statements

HOPE WALKS, INC.

Statement of Functional Expenses

Year ended June 30, 2024

		Supporting Activities:		
		Fundraising	General and Administrative	
	Program Activities			Total
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
Travel	220,099	24,956	2,366	247,421
Marketing and advancement	15,200	235,263	444	250,907
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
Other	23,708	18,012	29,958	71,678
Total expenses	<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.

Statements of Cash Flows

	Year Ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 317,823	\$ (82,540)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	64,457	72,917
Gain on sale of furniture and equipment	-	(25,555)
Change in operating assets and liabilities:		
Grants receivable	(259,750)	55,000
Prepaid expenses and other assets	(45,097)	30,698
Accounts payable	(8,039)	34,876
Accrued expenses	(14,363)	(11,034)
Net Cash Provided by Operating Activities	<u>55,031</u>	<u>74,362</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of furniture and equipment	(86,598)	(5,649)
Proceeds from sale of furniture and equipment	-	28,363
Net Cash Provided (Used) in Investing Activities	<u>(86,598)</u>	<u>22,714</u>
Change in Cash and Cash Equivalents	(31,567)	97,076
Cash and Cash Equivalents, Beginning of Year	<u>1,823,653</u>	<u>1,726,577</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,792,086</u>	<u>\$ 1,823,653</u>
SUPPLEMENTAL DISCLOSURE:		
Right-of-use assets obtained in exchange for operating lease obligations	<u>\$ -</u>	<u>\$ 7,569</u>

See notes to financial statements

HOPE WALKS, INC.

Notes to Financial Statements

June 30, 2025 and 2024

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.

2. SIGNIFICANT ACCOUNTING POLICIES:

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. Significant estimates include the functional allocation of expenses and the valuation of donated services and non-financial assets. 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, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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, 2025 and 2024, cash on deposit with financial institutions exceeded federally insured limits by approximately \$111,000 and \$116,000, 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.

HWI has not recorded a present value discount on grants receivable due to any discount being immaterial to the financial statements, and grants receivable are expected to be realized in the following periods:

	June 30,	
	2025	2024
To be collected within 1 year	\$ 234,750	\$ 80,000
To be collected in 1 to 5 years	105,000	-
	<u>\$ 339,750</u>	<u>\$ 80,000</u>

During the year ended June 30, 2025, HWI was awarded a conditional grant of approximately \$366,000. As of June 30, 2025, approximately \$73,000 had been received and recognized as contributions and grants revenue due to qualifying expenses being incurred. The remaining portion of the grant will be recognized as revenue when the conditions have been met via qualified spending.

CONDITIONAL GRANT EXPENSES

During the years ended June 30, 2025 and 2024, HWI entered into conditional grant expense agreements in the amounts of \$56,375 and \$43,930, respectively. These agreements were signed and funded as of June 30, 2025 and 2024, and are included in prepaid expenses and other assets on the statements of financial position as of June 30, 2025 and 2024.

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.

HOPE WALKS, INC.

Notes to Financial Statements

June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

FURNITURE AND EQUIPMENT—NET

Furniture and 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 HWT's operations.

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

SUPPORT, GRANTS, AND EXPENSES

Contributions and grants 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 and grants 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. Non-financial asset contributions are received without any donor restrictions and are primarily utilized in HWT's program activities.

Other income is recorded when earned, and consists primarily of interest income and net gains from foreign currency translation. Expenses are recorded when incurred in accordance with accrual basis of accounting.

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.

HOPE WALKS, INC.

Notes to Financial Statements

June 30, 2025 and 2024

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.

	June 30,	
	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 1,792,086	\$ 1,823,653
Grants receivable	339,750	80,000
	<u>2,131,836</u>	<u>1,903,653</u>
Less those unavailable for general expenditures within one year, due to:		
Grants receivable to be collected in more than one year	<u>(105,000)</u>	<u>-</u>
	<u>\$ 2,026,836</u>	<u>\$ 1,903,653</u>

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

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

HWI leases office space under three noncancelable operating leases expiring at various dates through June 2027. The discount rates used represent the risk-free discount rates using a period comparable with that of the individual lease terms. Two of the leases require monthly payments totaling \$4,850. One lease require semiannual payments of \$3,988. Discount rates on the leases range from 3.72%-3.86%.

	June 30,	
	2025	2024
Operating lease—right-of-use assets	\$ 48,844	\$ 88,047
Operating lease obligations	\$ 48,844	\$ 88,047
Operating lease costs	\$ 65,208	\$ 58,670
Cash paid for leases	\$ 65,208	\$ 58,670
Weighted-average discount rate	3.78%	3.76%
Weighted-average remaining lease term	1.04 years	1.65 years

HOPE WALKS, INC.

Notes to Financial Statements

June 30, 2025 and 2024

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

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

<u>Year Ending June 30,</u>	
2026	\$ 42,026
2027	<u>7,976</u>
	50,002
Less imputed interest	<u>(1,158)</u>
	<u>\$ 48,844</u>

5. FURNITURE AND EQUIPMENT—NET:

Furniture and equipment—net consists of:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Furniture and equipment	\$ 70,998	\$ 62,404
Vehicles and machinery	192,934	114,931
Program IT	<u>152,199</u>	<u>152,199</u>
	416,131	329,534
Less accumulated depreciation and amortization	<u>(259,118)</u>	<u>(194,662)</u>
	<u>\$ 157,013</u>	<u>\$ 134,872</u>

Depreciation expense of \$64,457 and \$72,917 has been recorded for the years ended June 30, 2025 and 2024, respectively.

6. DONATED MEDICAL SERVICES AND CLINIC SPACE:

Donated medical services and clinic space consists of:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Donated medical services	\$ 105,822	\$ 106,338
Contributed clinic space, office rent, and other	<u>53,425</u>	<u>86,229</u>
	<u>\$ 159,247</u>	<u>\$ 192,567</u>

HOPE WALKS, INC.

Notes to Financial Statements

June 30, 2025 and 2024

7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consists of:

	June 30,	
	2025	2024
Time restricted	\$ 339,750	\$ 80,000
Ethiopia	72,639	146,320
Dominican Republic	34,352	50,196
Niger	21,198	-
Hope Walks Global Programs	11,745	26,161
Other Africa Programs	1,010	-
Brace Painting	-	17,931
	<u>\$ 480,694</u>	<u>\$ 320,608</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, 2025 and 2024, assets in other countries totaled approximately \$157,000 and \$135,000, 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, including gifts from donor advised funds that were directed by board members, totaled \$158,452 and \$153,182, during the years ended June 30, 2025 and 2024, respectively.

9. CONCENTRATIONS:

During the years ended June 30, 2025 and 2024, the top five donors gave \$1,974,500 and \$2,359,050, respectively, to HWI. This represents approximately 45% and 60% of HWI's contributions and grants revenue during the years ended June 30, 2025 and 2024, respectively.

10. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through November 14, 2025, which represents the date the financial statements were available to be issued, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.