

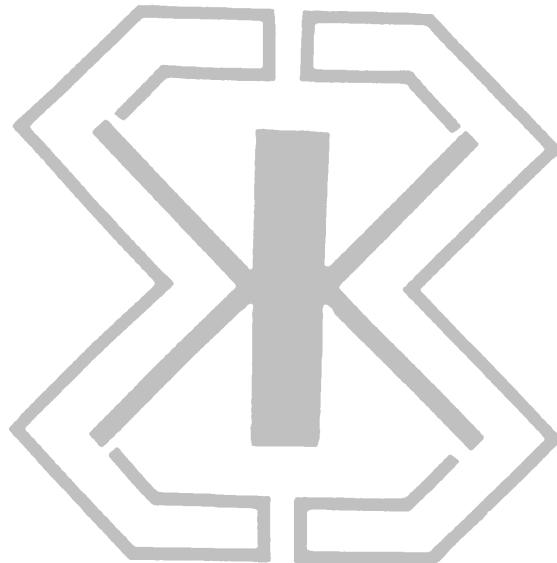
HOPE EDUCATIONAL FOUNDATION INTERNATIONAL, INC.

POMPANO BEACH, FLORIDA

INDEPENDENT AUDITORS'

REPORT ON AUDIT OF FINANCIAL STATEMENTS

For The Years Ended December 31, 2017 and 2016



W.B. Koon & Co.
Certified Public Accountants

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W. B. KOON & Co.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hope Educational Foundation International, Inc.
Pompano Beach, Florida

We have audited the accompanying financial statements of Hope Educational Foundation International, Inc. (HOPE) as of December 31, 2017 and 2016 and the related statements of activities and functional expenses and cash flows for the year then ended. These financial statements are the responsibility of HOPE's management. .

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hope Educational Foundation International, Inc. at December 31, 2017 and 2016, and changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America

W B Koon & Co.

Miami , Florida
July 12, 2018

HOPE EDUCATIONAL FOUNDATION INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
December 31,

ASSETS	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash	\$ 34,286	\$ 60,291
Receivables - others	7,979	2,002
Advances to sub-grantee	254,713	260,015
Prepaid expenses	<u>4,264</u>	<u>-</u>
Total Current Assets	<u>301,242</u>	<u>322,308</u>
Website	10,194	10,194
Office furniture & equipment	3,050	3,050
Computer	11,337	11,337
Less accumulated depreciation	<u>(24,581)</u>	<u>(24,581)</u>
	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$301,242</u>	<u>\$322,308</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 17,211	\$ 3,418
Accrued expense	<u>7,087</u>	<u>11,492</u>
TOTAL LIABILITIES	<u>24,298</u>	<u>14,910</u>
 NET ASSETS		
Temporarily restricted	249,105	291,845
Unrestricted	<u>27,839</u>	<u>15,553</u>
	<u>276,944</u>	<u>307,398</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$301,242</u>	<u>\$322,308</u>

READ ACCOMPANYING NOTES

HOPE EDUCATIONAL FOUNDATION INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2017

	<u>Unre-</u> <u>stricted</u>	<u>Tempo-</u> <u>rarily</u>	<u>Total</u>
CHANGES IN NET ASSETS			
SUPPORT AND REVENUE:			
Foundation Grants	\$2,167,407	\$228,682	\$2,396,089
Consulting fees	4,800	-	4,800
Interest	114	-	114
Contributions	32,373	-	32,373
Program income	73,742	20,423	94,165
Miscellaneous income	57,203	-	57,203
Released from restriction	<u>291,845</u>	<u>(291,845)</u>	<u>-</u>
Total Support and Revenue	<u>2,627,484</u>	<u>(42,740)</u>	<u>2,584,744</u>
EXPENSES:			
Program expenses			
Educational Initiatives	2,449,634	-	2,449,634
Ignite International	<u>88,567</u>	<u>-</u>	<u>88,567</u>
Total program expenses	<u>2,538,201</u>	<u>-</u>	<u>2,538,201</u>
Management and General	<u>76,997</u>	<u>-</u>	<u>76,997</u>
Total expenses	<u>2,615,198</u>	<u>-</u>	<u>2,615,198</u>
Increase, (Decrease) in net assets	<u>12,286</u>	<u>(42,740)</u>	<u>(30,454)</u>
ASSETS, BEGINNING OF YEAR	<u>15,223</u>	<u>291,845</u>	<u>307,398</u>
NET ASSETS, END OF YEAR	<u>\$27,839</u>	<u>\$249,105</u>	<u>\$276,944</u>

READ ACCOMPANYING NOTES

HOPE EDUCATIONAL FOUNDATION INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31,2017

	<u>EDUCAT- IONAL INITIATIVES</u>	<u>INTER- NATION</u>	<u>Management And General</u>	<u>Total</u>
FUNCTIONAL EXPENSES:				
Salaries and related expenses	\$ 202,158	\$ -	\$ 50,081	\$252,239
Taxes and benefits	53,257	-	7,077	60,334
Professional fees	59,792	-	11,299	71,091
Sub-grantee/Tuition	2,052,011	84,430	-	2,136,441
Travel	15,656	283	-	15,939
Office expenses	4,875	3,854	3,740	12,469
Equipment	22,479	-	-	22,479
Rent	<u>39,406</u>	<u>-</u>	<u>4,800</u>	<u>44,206</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$2,449,634</u>	<u>\$88,567</u>	<u>\$76,997</u>	<u>\$2,615,198</u>

READ ACCOMPANYING NOTES

HOPE EDUCATIONAL FOUNDATION INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2016

	<u>Unre- stricted</u>	<u>Tempo- rarily</u>	<u>Total</u>
CHANGES IN NET ASSETS			
SUPPORT AND REVENUE:			
Foundation Grants	\$2,284,045	\$264,276	\$2,548,321
Consulting fees	8,850	-	8,850
Interest	90	-	90
Contributions	2,000	-	2,000
Program income	102,452	27,569	130,021
Miscellaneous income	13,895	-	13,895
Released from restriction	<u>185,517</u>	<u>(185,517)</u>	<u>-</u>
Total Support and Revenue	<u>2,596,849</u>	<u>106,328</u>	<u>2,703,177</u>
EXPENSES:			
Program expenses			
Educational Initiatives	2,379,603	-	2,379,603
Ignite International	<u>124,385</u>	<u>-</u>	<u>124,385</u>
Total program expenses	<u>2,503,988</u>	<u>-</u>	<u>2,503,988</u>
Management and General	<u>80,137</u>	<u>-</u>	<u>80,137</u>
Total expenses	<u>2,584,125</u>	<u>-</u>	<u>2,584,125</u>
Increase, (Decrease) in net assets	<u>12,724</u>	<u>106,328</u>	<u>119,052</u>
ASSETS, BEGINNING OF YEAR	<u>2,829</u>	<u>185,517</u>	<u>188,346</u>
NET ASSETS, END OF YEAR	<u>\$15,553</u>	<u>\$291,845</u>	<u>\$307,398</u>

READ ACCOMPANYING NOTES

HOPE EDUCATIONAL FOUNDATION INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31,2016

	<u>EDUCAT- IONAL INITIATIVES</u>	<u>INTER- NATION</u>	<u>Management And General</u>	<u>Total</u>
FUNCTIONAL EXPENSES:				
Salaries and related expenses	\$ 291,536	\$ -	\$ 51,102	\$342,638
Taxes and benefits	78,695	-	9,318	88,013
Professional fees	23,490	2,479	10,875	36,844
Sub-grantee/Tuition	1,924,281	117,233	-	2,041,514
Travel	11,497	905	-	12,402
Office expenses	2,862	3,768	4,042	10,672
Equipment	8,959	-	-	8,959
Rent	<u>38,283</u>	<u>-</u>	<u>4,800</u>	<u>43,083</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$2,379,603</u>	<u>\$124,385</u>	<u>\$80,137</u>	<u>\$2,584,125</u>

READ ACCOMPANYING NOTES

HOPE EDUCATIONAL FOUNDATION INTERNATIONAL, INC.
STATEMENT OF CASH FLOWS
For The Year Ended December 31,

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Changes in net assets	\$(<u>30,454</u>)	\$ <u>119,052</u>
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Decrease (increase) in Other receivable	(5, 977)	1,881
Decrease (increase) in Advances to Sub-grantees	5,302	(157,056)
Decrease (increase) in prepaid expenses	(4,264)	5,284
(Decrease) increase in accounts payable	13,793	3,298
(Decrease) increase in accrued expenses	(4,405)	<u>11,492</u>
Total adjustments	<u>4,449</u>	(135,101)
Net Cash Provided (Used) by Operating Activities	(26,005)	(16,049)
Cash Flows Used In Investing Activities	<u>-</u>	<u>-</u>
Cash Flows From Financing Activities	<u>-</u>	<u>-</u>
Net (Decrease) Increase in Cash	(26,005)	(16,049)
Cash, Beginning of Year	<u>60,291</u>	<u>76,340</u>
Cash, End of Year	<u>\$34,286</u>	<u>\$60,291</u>

READ ACCOMPANYING NOTES

NOTES TO FINANCIAL STATEMENTS

1. OPERATIONS

Hope Educational Foundation International, Inc. (HEF), a Florida corporation not for profit, was incorporated January 15, 2004. The general purpose for which HEF was organized is exclusively charitable and educational within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986. HEF exists to prevent the most devastating systemic threats to children and youth around the world, through research, education, and resources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Financial Accounting Standards (SFAS) No 117, **Financial Statements of Not-For-Profit Organizations** requires the information regarding financial position and activities be reported by the three classes of net assets

Unrestricted Net Assets are those currently available for use of HEF.'s board, and the resources invested in fixed assets. These assets are accounted for internally in the general operating fund.

Temporarily Restricted Net Assets are those received with donor stipulations that limit the use of the donated assets. When stipulated time restrictions expire or purpose restrictions are accomplished, these net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets are those contributed with donor stipulations that they be held in perpetuity with use of income for unrestricted or temporarily restricted purposes.

Support and Expenses

Under SFAS No.116, **Accounting for Contribution Received and Contributions Made**, grants and donor restricted contribution are reported as unrestricted support if the grant objectives or donor restriction are met in the same reporting period

Hope Educational Foundation International, Inc.'s, grants and donor restricted contribution are reported as unrestricted support if the grant objectives or donor restrictions are met in the same reporting period.

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Hope Educational Foundation International, Inc., reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Expenses are recorded when incurred in accordance with accrual basis of accounting.

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (con't)

Accrual Basis

The financial statements of Hope Educational Foundation International, Inc., have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days. At year-end and throughout the year, the organization's cash balance was deposited in one bank. Management believes the organization is not exposed to any significant credit risk on cash and cash equivalents.

Grant Revenue

Grant revenue relates to HEF's grants and is specifically for program service costs, and are reported as unrestricted support when the grant objectives have been met.

Property and Equipment

Property and equipment represents HEF's net equity in fixed assets. Assets are stated at cost at date of purchase, or at estimated fair market value at time of donation. Depreciation and amortization is provided on a straight-line basis over the estimated useful life of the assets. Assets are capitalized when the cost exceeds \$1,000.

Maintenance expenses are charged to expense as incurred

Income Taxes

HEF is exempt from Federal Income taxes under Section 501(c)(3) of the Internal Revenue Code.

3. **HEF PROGRAM**

Educational Initiatives

The Educational Initiatives program's goal is to strengthen families through research-based enrichment activities. Magazine-size books are designed to engage and speak to the heartfelt needs of children and youth within various cultures.

HEF partnered with international organizations to reach over twenty-two (22) million and nineteen (19) million children and youth in India and China, in 2017 and 2016, respectively.

NOTES TO FINANCIAL STATEMENTS

3. **HEF PROGRAM** (continued)

Ignite International

Ignite International's vision is to nurture students through quality education and prepare them to be in a position of leadership to influence their community, and the nation at large. The international program focuses on four key components: partnership with college preparatory schools, host families, mentors and a robust leadership program to nurture and develop international students to become value based leaders.

During the 2017 - 2018 school year, three (3) students attended college preparatory schools. Two graduated and were accepted to universities. Four (4) students attended college school in the 2016 - 2017 school year.
