

**FINANCIAL STATEMENTS**

**WORLD HOPE  
INTERNATIONAL, INC.**

**FOR THE YEAR ENDED DECEMBER 31, 2001  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2000**

# WORLD HOPE INTERNATIONAL, INC.

## CONTENTS

	<b>PAGE NO.</b>
INDEPENDENT AUDITORS' REPORT	2
EXHIBIT A - Statement of Financial Position, as of December 31, 2001, with Summarized Financial Information for 2000	3
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended December 31, 2001, with Summarized Financial Information for 2000	4
EXHIBIT C - Statement of Cash Flows, for the Year Ended December 31, 2001, with Summarized Financial Information for 2000	5
NOTES TO FINANCIAL STATEMENTS	6-8
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL FINANCIAL INFORMATION	9
SCHEDULE 1 - Schedule of Functional Expenses, for the Year Ended December 31, 2001	10

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
World Hope International, Inc.  
Springfield, Virginia

We have audited the accompanying statement of financial position of World Hope International, Inc., as of December 31, 2001, and the related statements of activities and change in net assets and cash flows for the year then ended. These financial statements are the responsibility of World Hope International, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from World Hope International, Inc.'s December 31, 2000 financial statements, which were audited by other auditors, whose report dated May 31, 2001 expressed an unqualified opinion on those financial statements.

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 a test basis, evidence supporting the amounts and disclosures 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 financial statement presentation. We believe that 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 World Hope International, Inc. as of December 31, 2001, and its change in net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



April 23, 2002

**WORLD HOPE INTERNATIONAL, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2001**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2000**

<b>ASSETS</b>		<u>2001</u>	<u>2000</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents (Note 2)		\$ 118,074	\$283,029
Cash and cash equivalents - Sierra Leone		24,039	27,579
Accounts receivable		-	290
Grants receivable		<u>30,000</u>	<u>-</u>
Total current assets		<u>172,113</u>	<u>310,898</u>
<b>FURNITURE AND EQUIPMENT</b>			
Furniture and computers		130,421	116,686
Less: Accumulated depreciation		<u>(106,618)</u>	<u>(53,956)</u>
Net furniture and equipment		<u>23,803</u>	<u>62,730</u>
<b>TOTAL ASSETS</b>		<u><b>\$ 195,916</b></u>	<u><b>\$373,628</b></u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable		\$ 112,878	\$122,157
Accrued expenses		<u>14,783</u>	<u>4,055</u>
Total current liabilities		<u>127,661</u>	<u>126,212</u>
<b>NET ASSETS</b>			
Unrestricted		68,255	217,001
Temporarily restricted		<u>-</u>	<u>30,415</u>
Total net assets		<u>68,255</u>	<u>247,416</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u><b>\$ 195,916</b></u>	<u><b>\$373,628</b></u>

See accompanying notes to financial statements.

## WORLD HOPE INTERNATIONAL, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2001  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2000**

	2001			2000
	Unrestricted	Temporarily Restricted	Total	Total
<b>REVENUE</b>				
Contributions	\$ 605,241	\$ 1,495,809	\$2,101,050	\$2,170,220
Donated goods and services	547,473	-	547,473	1,573,888
Other income	5,262	-	5,262	5,434
Net assets released from restrictions (Note 6)	1,526,224	(1,526,224)	-	-
Total revenue	<u>2,684,200</u>	<u>(30,415)</u>	<u>2,653,785</u>	<u>3,749,542</u>
<b>EXPENSES</b>				
Program services:				
Hope for Children	392,019	-	392,019	154,477
Ministry Projects	1,225,703	-	1,225,703	2,668,355
Sierra Leone	627,441	-	627,441	472,562
World Hope Network	196,054	-	196,054	-
Total program services	<u>2,441,217</u>	<u>-</u>	<u>2,441,217</u>	<u>3,295,394</u>
Supporting services:				
Fundraising	95,701	-	95,701	150,985
General and administrative	296,028	-	296,028	285,801
Total supporting services	<u>391,729</u>	<u>-</u>	<u>391,729</u>	<u>436,786</u>
Total expenses	<u>2,832,946</u>	<u>-</u>	<u>2,832,946</u>	<u>3,732,180</u>
Change in net assets	(148,746)	(30,415)	(179,161)	17,362
Net assets beginning of year	<u>217,001</u>	<u>30,415</u>	<u>247,416</u>	<u>230,054</u>
<b>NET ASSETS END OF YEAR</b>	<b><u>\$ 68,255</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 68,255</u></b>	<b><u>\$ 247,416</u></b>

See accompanying notes to financial statements.

## WORLD HOPE INTERNATIONAL, INC.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2000**

	<b>2001</b>	<b>2000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$(179,161)	\$ 17,362
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	52,662	34,954
(Increase) decrease in:		
Accounts receivable	290	(290)
Grants receivable	(30,000)	-
Increase (decrease) in:		
Accounts payable	(9,279)	6,772
Accrued expenses	10,728	4,055
Net cash provided (used) by operating activities	(154,760)	62,853
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(13,735)	(64,736)
Net cash used by investing activities	(13,735)	(64,736)
Net decrease in cash and cash equivalents	(168,495)	(1,883)
Cash and cash equivalents at beginning of year	310,608	312,491
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 142,113</b>	<b>\$310,608</b>

See accompanying notes to financial statements.

**WORLD HOPE INTERNATIONAL, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

World Hope International, Inc., is a not-for-profit organization incorporated under the Indiana Non-Profit Corporation Act. The purpose of the Organization is to mobilize individuals and organizations to exercise their specific gifts and abilities (personally and fiscally) by working in active partnership with persons around the world for the purpose of relief, economic and social development. The financial statements include the accounts of World Hope International, Inc., but do not include the various foreign locations which the Organization may support but over which it has not legal or direct control.

Basis of presentation -

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with Statements of Financial Accounting Standard (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations".

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2000, from which the summarized information was derived.

Income taxes -

World Hope International, Inc., is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Cash and cash equivalents -

Cash and cash equivalents include amounts in checking accounts and money market funds.

Furniture and equipment -

Furniture and equipment are recorded at historical cost or the estimated fair market value if donated. Depreciation is recorded on the straight-line method over the assets' useful life, generally three to five years.

Contributions and grants -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Donor restricted contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions. Contributions and grants received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

**WORLD HOPE INTERNATIONAL, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

In-kind contributions -

In-kind contributions consist of donated assets and professional services. The value of the in-kind contributions is recorded at fair market value as of the date of receipt or the date the services were provided. Donated assets consist of medical supplies, equipment, aid and other items given to certain country programs. All assets and services that were donated during the year were given directly to the designated country and are reflected as a part of Ministry Projects.

Use of estimates -

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of World Hope International, Inc.'s programs and administration have been summarized on a functional basis in the statement of activities and change in net assets. Accordingly, certain costs have been allocated among the programs benefited.

**2. CONCENTRATION OF CREDIT RISK**

At times during the year, World Hope International, Inc., maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limits. Management believes the risk in these situations to be minimal.

**3. COMMITMENTS**

On August 1, 2000, World Hope International, Inc., entered into a lease for office space in Springfield, Virginia, which expires July 31, 2003. At December 31, 2001, future minimum payments required under the lease are as follows:

<u>Year Ended December 31,</u>	
2002	\$37,344
2003	<u>37,344</u>
	<u><b>\$74,688</b></u>

Rent expense was \$48,900 at December 31, 2001.

**WORLD HOPE INTERNATIONAL, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2001**

**4. PENSION PLAN**

World Hope International, Inc. sponsors a defined contribution annuity retirement plan for all employees. For all eligible employees, World Hope International, Inc. contributes twelve percent of their annual compensation. Total retirement expense was \$42,372 at December 31, 2001.

**5. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of funds designated for Hope for Children, Ministry Projects, Sierra Leone and World Hope Network. The balance at December 31, 2001 was \$0.

**6. NET ASSETS RELEASED FROM RESTRICTIONS**

During the year ended December 31, 2001, net assets were released from restriction as a result of spending funds in accordance with donor restrictions or the passage of time. Following is a summary of net assets released:

Ministry and Other Projects	\$1,278,301
Hope for Children	247,923
	<hr/>
	<b><u>\$1,526,224</u></b>

**SUPPLEMENTAL FINANCIAL INFORMATION**

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTAL FINANCIAL INFORMATION**

To the Board of Directors  
World Hope International, Inc.  
Springfield, Virginia

Our report on our audit of the basic financial statements of World Hope International, Inc. as of December 31, 2001 appears on page 2. That audit was made for the purpose of expressing an opinion on the basic financial statements taken as a whole. The supplemental information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



April 23, 2002

**WORLD HOPE INTERNATIONAL, INC.**

**SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<b>Program Services</b>				
	<b>Hope for Children</b>	<b>Ministry Projects</b>	<b>Sierra Leone</b>	<b>World Hope Network</b>	<b>Total</b>
Project expenses	\$252,581	\$ 903,950	\$342,334	\$ 69,850	\$1,568,715
Salaries and related benefits	56,376	102,643	89,698	58,120	306,837
Advertising	-	-	-	49	49
Office supplies	2,427	4,421	3,863	2,504	13,215
Board	1,473	2,682	2,344	1,519	8,018
Bank service charges	718	6,003	1,143	740	8,604
Contract labor	4,958	9,029	7,890	21,773	43,650
Dues and subscriptions	358	653	571	370	1,952
Education and training	156	285	249	161	851
Equipment rental and repair	379	691	604	391	2,065
Insurance	340	619	540	350	1,849
Postage and delivery	2,887	5,258	4,595	2,978	15,718
Printing and reproduction	5,333	9,712	8,488	5,500	29,033
Professional fees	40,000	77,382	84,000	-	201,382
Consulting	-	-	-	-	-
Legal	-	-	-	-	-
Rent	5,770	10,509	9,183	5,951	31,413
Telephone	1,577	2,872	3,340	6,333	14,122
Travel	10,472	77,677	58,709	9,187	156,045
Marketing	-	-	-	-	-
Miscellaneous	-	-	-	3,869	3,869
Fundraising	-	-	-	-	-
Depreciation	6,214	11,317	9,890	6,409	33,830
<b>TOTAL</b>	<b><u>\$392,019</u></b>	<b><u>\$1,225,703</u></b>	<b><u>\$627,441</u></b>	<b><u>\$196,054</u></b>	<b><u>\$2,441,217</u></b>

<b>Supporting Services</b>			
<b>Fundraising</b>	<b>General and Administrative</b>	<b>Total</b>	<b>Total</b>
\$ -	\$ 4,534	\$ 4,534	\$1,573,249
51,664	119,064	170,728	477,565
-	1,743	1,743	1,792
2,224	10,211	12,435	25,650
1,349	3,114	4,463	12,481
-	3,532	3,532	12,136
-	20,137	20,137	63,787
-	1,086	1,086	3,038
-	1,897	1,897	2,748
347	1,062	1,409	3,474
-	1,030	1,030	2,879
2,645	7,017	9,662	25,380
4,885	15,722	20,607	49,640
-	10,778	10,778	212,160
-	14,608	14,608	14,608
-	1,000	1,000	1,000
-	17,487	17,487	48,900
1,445	7,470	8,915	23,037
-	592	592	156,637
3,803	31,381	35,184	35,184
-	9,424	9,424	13,293
21,646	-	21,646	21,646
5,693	13,139	18,832	52,662
<b><u>\$95,701</u></b>	<b><u>\$296,028</u></b>	<b><u>\$391,729</u></b>	<b><u>\$2,832,946</u></b>