

HOPE FOR UKRAINE, INC.

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

DECEMBER 31, 2022

HOPE FOR UKRAINE, INC.

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Hope for Ukraine, Inc.

Opinion

We have audited the financial statements of Hope for Ukraine, Inc., a nonprofit organization, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Hope for Ukraine, Inc. as of December 31, 2022, 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 (GAAS). 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 for Ukraine, Inc. 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 the 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 for Ukraine, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 could reasonably be expected to influence the judgement made by a reasonable user based on these financial statements.

In performing an audit in accordance with GAAS, 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 for Ukraine, 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 for Ukraine, 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 audit.

New York, NY
June 25, 2023

Skody Scot & Company, CPAs, P.C.

HOPE FOR UKRAINE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

Cash	\$ 4,041,918
Investments	7,781
Contributions receivable	68,604
Property and equipment, net	41,901
Total assets	<u>\$ 4,160,204</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	\$ 7,532
Total liabilities	<u>7,532</u>
Commitments and contingencies (see notes)	
Net Assets:	
Without donor restrictions	4,152,672
With donor restrictions	-
Total net assets	<u>4,152,672</u>
Total liabilities and net assets	<u>\$ 4,160,204</u>

See accompanying notes to the financial statements.

**HOPE FOR UKRAINE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Support and Revenues:

Without donor restrictions:

Contributions	\$ 6,230,616
Non-financial contributions	609,834
Total support and revenues	6,840,450

Expenses:

Program expenses:

Medical support	41,668
Children's smile	101,011
Family support	2,492,087
Total program expenses	2,634,766

Supporting services:

Management and general	116,554
Fundraising	23,338
Total expenses	2,774,658

Net support over expenses	4,065,792
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Other:

Investment return	(5,440)
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Increase/(Decrease) in net assets	4,060,352
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Net assets, beginning of year	92,320
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Net assets, end of year	\$ 4,152,672
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See accompanying notes to the financial statements.

**HOPE FOR UKRAINE, INC.
STATEMENT OF EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	Program Services			Total Program Expenses	Supporting Services		Total Expenses
	Medical Support	Children's Smile	Family Support		Management and General	Fundraising	
Salaries	\$ 7,000	\$ 7,000	\$ 28,000	\$ 42,000	\$ 7,000	\$ 21,000	\$ 70,000
Payroll taxes & benefits	779	779	3,119	4,677	780	2,338	7,795
Consultants and outside contractors	-	-	20,440	20,440	18,019	-	38,459
Bank charges and processing fees	-	-	28	28	17,440	-	17,468
Depreciation	838	1,676	5,028	7,542	838	-	8,380
Equipment and software	-	106	5,398	5,504	9,845	-	15,349
Grants to affiliates	3,000	66,300	252,846	322,146	-	-	322,146
Grants to others	23,328	14,000	47,155	84,483	-	-	84,483
Insurance	-	-	2,185	2,185	7,628	-	9,813
Occupancy	-	-	16,442	16,442	-	-	16,442
Office expenses	257	-	15,318	15,575	20,110	-	35,685
Professional fees	554	-	1,531	2,085	15,856	-	17,941
Promotion and public relations	-	-	41,221	41,221	1,091	-	42,312
Supplies and relief delivery	4,032	4,422	1,980,114	1,988,568	3,252	-	1,991,820
Telephone and communications	-	-	-	-	8,264	-	8,264
Travel, hotels, and meetings	1,880	6,728	73,262	81,870	6,431	-	88,301
Total expenses	\$ 41,668	\$ 101,011	\$ 2,492,087	\$ 2,634,766	\$ 116,554	\$ 23,338	\$ 2,774,658

See accompanying notes to the financial statements.

**HOPE FOR UKRAINE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022**

Cash flows from operating activities:	
Increase/(decrease) in net assets	\$ 4,060,352
Adjustments for non-cash items included in operating activities:	
Depreciation	8,380
(Gain)/loss on investments	5,402
Changes in assets and liabilities:	
Contributions receivable	(68,604)
Accounts payable and accrued expenses	4,745
Net cash provided/(used) by operating activities	<u>4,010,275</u>
Cash flows from investing activities:	
Vehicle purchase	<u>(50,281)</u>
Net cash provided/(used) by investing activities	<u>(50,281)</u>
Cash flows from financing activities	<u>-</u>
Net increase/(decrease) in cash	3,959,994
Cash, at beginning of year	<u>81,924</u>
Cash, at end of year	<u><u>\$ 4,041,918</u></u>

See accompanying notes to the financial statements.

HOPE FOR UKRAINE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The Organization

Hope for Ukraine, Inc., a not-for-profit organization, was incorporated in the State of New Jersey on March 3, 2016. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements include any uncertain tax positions. The Organization primarily receives its support from contributions.

The mission of the Organization is to serve individuals and families of the poorest communities in Ukraine by providing food, clothing, medical attention, shelter and education for Ukrainians whose lives have been devastated because of war. To accomplish its mission, the Organization offers the following programs: Medical Support – Providing medical supplies to hospitals in Ukraine and arranging and paying for medical treatments for individuals who are undergoing hardships and are unable to cover medical bills for urgent treatments; Children’s Smile – providing opportunity for children of war in Ukraine to be children again through children’s events and support clubs; and Family Support – Providing food kits, hygiene products and clothing to families during periods of active war. During times of no war, the Organization focuses on helping families reach long-term stability with the goal of preventing academic disruptions by helping families move from crisis to stability.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Receivables

Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at their present value of estimated future cash flows. All receivables are expected to be received within one year and as such have been stated at their net realizable value with no allowance for uncollectable receivables.

HOPE FOR UKRAINE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Investments

All marketable debt and equity securities are measured at fair value on a recurring basis and are reported at their fair market values on the statement of financial position as of December 31, 2022. The Organization initially records the investments it receives as a donation at the fair value as of the dates the investments are donated to the Organization and thereafter carries such investments at current fair values. If the donated investments are sold soon after receipt, the Organization considers them cash donations valued at the sale price.

Property and Equipment

The Organization capitalizes certain property and equipment with estimated lives of three years or more. Property and equipment are stated at cost, less accumulated depreciation. The vehicle is depreciated using the straight-line method over a useful life of four years. Expenditures for repairs and maintenance are charged as an expense, and major renewals and betterments are capitalized.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This classification includes net assets designated by the board or management for a specified purpose or for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature (endowment), where the donor stipulates that resources be maintained in perpetuity.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates salaries and payroll taxes based on estimated time and effort. All other expenses were directly related to specific functional areas with no allocation between functional areas needed. The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

HOPE FOR UKRAINE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Organization recognizes contributions when cash, a non-financial asset, or an unconditional promise to give is received. Non-financial assets are valued based on the specifics of the type of asset received. Conditional promises to give, which have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to the meeting of these conditions, if any, are reported as refundable advances in the statement of financial position. As of December 31, 2022, the Organization did not have any conditional contributions that were not recognized.

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted for a purpose by the donor are reported as support with donor restrictions and increases in net assets with donor restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as support without donor restrictions and increases in net assets without donor restrictions. When a restriction expires (either a stipulated time period ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

Investment income (interest and dividends) is recognized as revenue in the period earned, and gains and losses (realized and unrealized) are recognized in the period they occur.

Note 2 - Investments

Investments consisted of the following at December 31, 2022:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Common stock	\$ 3,695	\$ 2,110	\$(1,585)
Mutual funds	2,709	2,747	38
ETF's	<u>2,376</u>	<u>2,924</u>	<u>548</u>
	<u>\$ 8,780</u>	<u>\$ 7,781</u>	<u>\$(999)</u>

HOPE FOR UKRAINE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 3 - Fair Value Measurement of Investments

The Financial Accounting Standards Board (FASB) requires enhanced disclosures about investments that are measured and reported at fair value. FASB establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices, or for which fair value can be measured from actively quoted prices, generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1: Investments falling within Level 1 of the fair value hierarchy are valued using inputs based upon quoted prices in active markets for identical investments. Investments that are typically included in Level 1 are listed equity securities, publicly traded mutual funds, and exchange traded funds.

Level 2: Investments falling within Level 2 of the fair value hierarchy are valued using significant observable inputs other than prices quoted in active markets. Examples of Level 2 inputs are model-driven prices, quoted prices for similar investments in active markets, and quoted prices for identical or similar investments in inactive markets. Investments that are typically included in Level 2 are municipal bonds, corporate bonds, and government debt securities.

Level 3: Investments falling within Level 3 of the fair value hierarchy are valued using methodology that is unobservable and significant to the fair value measurement. Level 3 inputs require significant management judgment or estimation. Investments that are typically included in this category are investments in limited partnerships, and investments in private companies or unregistered securities.

The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following summarizes the valuation of the Organization's investments by the above fair value hierarchy levels as of December 31, 2022:

Level 1	\$ 7,781
Level 2	-
Level 3	-
	<u>\$ 7,781</u>

HOPE FOR UKRAINE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 4 - Property and Equipment

Property and equipment by major class consisted of the following at December 31, 2022:

Vehicle	\$ 50,281
Less: Accumulated depreciation	<u>(8,380)</u>
	<u>\$ 41,901</u>

Note 5 - Concentrations

The Organization maintains its cash and investments in various accounts with major financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$250,000 per financial institution. The Securities Investor Protection Corporation insures cash and securities, including money market funds, up to \$500,000 per financial institution. At times, the balances of the accounts exceeded the insured limits during the year ended December 31, 2022.

Note 6 - Nonfinancial Contributions

The Organization received nonfinancial contributions that meet the criteria for being recognized in accordance with GAAP. For the year ended December 31, 2022, amounts recognized in the statement of activities are as follows:

Clothing	– used for program activities to supply Ukrainians with clothing	\$ 609,834
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The nonfinancial contributions received during the year ended December 31, 2022, were restricted for distribution to Ukrainian families. All of the donated clothing was sent to Ukraine and therefore the restrictions were fulfilled as of December 31, 2022.

The valuation techniques used by the Organization for the nonfinancial contributions received are as follows:

- Clothing - the fair value is estimated based on the lower of the cost or resale value to the donor.

Note 7 - Related Parties and Affiliate Transactions

During the year ended December 31, 2022, two members of the Organization's board of directors received a total of \$70,000 in salary as compensation for services provided to the Organization as its Chief Executive Director and Chief Operating Officer.

For the year ended December 31, 2022, the Organization granted a total of \$322,146 to two separate foreign affiliates. These foreign affiliates have the same mission and offer similar programs as the Organization.

HOPE FOR UKRAINE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 8 - Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

The following reflects the Organization's financial assets, as of December 31, 2022, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

Financial assets:	
Cash	\$ 4,041,918
Investments	7,781
Receivables	<u>68,604</u>
Total financial assets	4,118,303
Less those unavailable for general expenditures within one year	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,118,303</u>

Note 9 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through June 25, 2023, which is the date the financial statements were available to be issued.