

SHARED HOPE INTERNATIONAL
AND AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTAL CONSOLIDATING INFORMATION**

Years Ended June 30, 2013 and 2012

KUENZI & COMPANY LLC
CPAS • BUSINESS CONSULTANTS

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The Board of Directors
SHARED HOPE INTERNATIONAL AND AFFILIATE
Vancouver, Washington

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Shared Hope International (a nonprofit organization) and Affiliates (Shared Hope Foundation, a nonprofit organization and Trafficking Markets, LLC, a limited liability corporation), which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtain is sufficient and appropriate to provide a basis for our audit opinion.

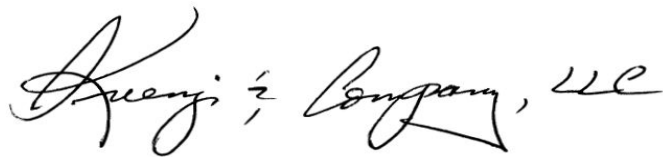
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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Shared Hope International and Affiliates as of June 30, 2013 and 2012, and its changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 25 - 28 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in cursive script that reads "Auenji & Company, LLC". The signature is written in dark ink and is positioned above the typed name and date.

Salem, Oregon
December 15, 2013

SHARED HOPE INTERNATIONAL AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2013 and 2012

	2013	2012
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 983,706	\$ 458,896
Investments	33,159	14,852
Grants receivable	42,000	40,000
Pledges receivable, net	124,709	83,810
Other receivables	-	132
Prepaid expenses	46,604	18,067
Inventory	45,805	43,705
Total Current Assets	1,275,983	659,462
Deposits and Other Assets	3,338	3,338
Property and Equipment, net	277,053	23,043
Website	31,183	31,183
Foundation Investments	71,419	71,419
Total Assets	\$ 1,658,976	\$ 788,445
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 85,597	\$ 32,374
Accrued payroll taxes and benefits	55,853	26,645
Accrued paid time off	35,985	57,884
Total Current Liabilities	177,435	116,903
Net Assets		
Unrestricted		
Operations	308,632	270,000
Property and Equipment	22,053	23,043
Total Unrestricted	330,685	293,043
Temporarily restricted	1,079,437	307,080
Permanently restricted	71,419	71,419
Total Net Assets	1,481,541	671,542
Total Liabilities and Net Assets	\$ 1,658,976	\$ 788,445

The accompanying notes are an integral part of these consolidated financial statements.

SHARED HOPE INTERNATIONAL AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and Revenue				
Contributions and grants	\$ 1,647,178	\$ 1,133,250	\$ -	\$ 2,780,428
Registration income	46,745	-	-	46,745
Gifts-in-kind	330,700	255,000	-	585,700
Interest income	918	3,341	-	4,259
Investment gain (loss)	(829)	6,534	-	5,705
Net assets released from restrictions	625,768	(625,768)	-	-
Total Support and Revenue	2,650,480	772,357	-	3,422,837
Expenses				
Program Activities				
International partners	265,605	-	-	265,605
International public education	18,677	-	-	18,677
Domestic public education	1,344,619	-	-	1,344,619
Domestic partners	336,802	-	-	336,802
Domestic WIN program	82,064	-	-	82,064
Intervention/Prevention program	53,375	-	-	53,375
Total Program Activities	2,101,142	-	-	2,101,142
Supporting Activities				
Administration	265,800	-	-	265,800
Fundraising	245,896	-	-	245,896
Total Supporting Activities	511,696	-	-	511,696
Total Expenses	2,612,838	-	-	2,612,838
Change in Net Assets	37,642	772,357	-	809,999
Net Assets, Beginning of Year	293,043	307,080	71,419	671,542
Net Assets, End of Year	\$ 330,685	\$ 1,079,437	\$ 71,419	\$ 1,481,541

The accompanying notes are an integral part of these consolidated financial statements.

SHARED HOPE INTERNATIONAL AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
Contributions and grants	\$ 1,508,292	\$ 740,289	\$ -	\$ 2,248,581
Registration income	22,545	-	-	22,545
Gifts-in-kind	190,790	-	-	190,790
Interest income	1,319	3,070	-	4,389
Investment loss	(109)	(4,879)	-	(4,988)
Net assets released from restrictions	784,686	(784,686)	-	-
Total Support and Revenue	2,507,523	(46,206)	-	2,461,317
Expenses				
Program Activities				
International partners	344,012	-	-	344,012
International public education	20,672	-	-	20,672
Domestic public education	1,207,535	-	-	1,207,535
Domestic partners	287,022	-	-	287,022
Domestic WIN program	84,614	-	-	84,614
Intervention/Prevention program	58,457	-	-	58,457
Total Program Activities	2,002,312	-	-	2,002,312
Supporting Activities				
Administration	265,303	-	-	265,303
Fundraising	181,395	-	-	181,395
Total Supporting Activities	446,698	-	-	446,698
Total Expenses	2,449,010	-	-	2,449,010
Change in Net Assets	58,513	(46,206)	-	12,307
Net Assets, Beginning of Year	234,530	353,286	71,419	659,235
Net Assets, End of Year	\$ 293,043	\$ 307,080	\$ 71,419	\$ 671,542

The accompanying notes are an integral part of these consolidated financial statements.

SHARED HOPE INTERNATIONAL AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2013

	Program Activities						Supporting Activities			Total Expenses	
	International Partners	International Public Education	Domestic Public Education	Domestic Partners	Domestic WIN Program	Intervention / Prevention Program	Total	Administration	Fundraising		Total
Salaries and Wages	\$ 8,363	\$ 5,906	\$ 514,928	\$ 12,973	\$ 58,628	\$ 28,359	\$ 629,157	\$ 90,771	\$ 51,727	\$ 142,498	\$ 771,655
Payroll Taxes and Benefits	1,438	991	87,973	2,308	9,923	4,886	107,519	15,416	8,919	24,335	131,854
Donated Services	1,451	1,290	152,941	2,902	322	3,709	162,615	10,481	24,348	34,829	197,444
Banking Costs	-	-	-	-	-	-	-	15,284	-	15,284	15,284
Computer Expenses	192	89	11,208	642	987	853	13,971	2,175	2,480	4,655	18,626
Conferences and Meetings	-	-	250	-	-	370	620	7,911	-	7,911	8,531
Contract Labor	-	60	20,271	29,000	-	-	49,331	22,450	311	22,761	72,092
Depreciation	124	92	7,655	233	991	504	9,599	1,569	1,260	2,829	12,428
Facilities	-	1,592	86,454	-	-	-	88,046	-	796	796	88,842
Gifts and Volunteer Costs	2,000	25	587	1,571	-	-	4,183	3,469	12	3,481	7,664
Grants to Others	235,373	-	-	270,655	-	-	506,028	-	-	-	506,028
Insurance	375	49	6,568	417	861	489	8,759	1,328	1,073	2,401	11,160
Licenses, Fees and Subscriptions	127	104	7,031	78	932	397	8,669	7,506	1,029	8,535	17,204
Meals and Entertainment	-	-	6,948	550	-	191	7,689	1,792	711	2,503	10,192
Media and Advertising	-	-	13,366	-	-	-	13,366	880	-	880	14,246
Miscellaneous	-	-	-	-	-	-	-	96	-	96	96
Occupancy	868	655	50,571	3,753	6,310	2,907	65,064	9,567	9,030	18,597	83,661
Postage and Shipping	28	161	15,369	274	230	580	16,642	651	25,653	26,304	42,946
Printing and Publication	39	372	48,265	65	241	3,428	52,410	4,685	63,600	68,285	120,695
Professional Services	-	-	15,372	-	-	-	15,372	50,611	42,108	92,719	108,091
Supplies	53	195	118,699	9,350	463	1,060	129,820	686	1,315	2,001	131,821
Telephone	300	196	17,373	435	2,176	989	21,469	1,661	3,175	4,836	26,305
Travel	14,874	4,100	102,918	1,596	-	1,186	124,674	8,411	5,549	13,960	138,634
Video Production and Distribution	-	-	17,873	-	-	3,092	20,965	-	-	-	20,965
Website	-	2,800	41,999	-	-	375	45,174	8,400	2,800	11,200	56,374
Total Expenses	\$ 265,605	\$ 18,677	\$ 1,344,619	\$ 336,802	\$ 82,064	\$ 53,375	\$ 2,101,142	\$ 265,800	\$ 245,896	\$ 511,696	\$ 2,612,838
Total Expenses as Percentage of Total Support and Revenue								<u>7.8%</u>	<u>7.2%</u>	<u>15.0%</u>	

The accompanying notes are an integral part of these consolidated financial statements.

SHARED HOPE INTERNATIONAL AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2012

	Program Activities						Supporting Activities			Total Expenses	
	International Partners	International Public Education	Domestic Public Education	Domestic Partners	Domestic WIN Program	Intervention / Prevention Program	Total	Administration	Fundraising		Total
Salaries and Wages	\$ 19,144	\$ 10,020	\$ 527,389	\$ 13,018	\$ 59,452	\$ 26,963	\$ 655,986	\$ 103,759	\$ 31,940	\$ 135,699	\$ 791,685
Payroll Taxes and Benefits	3,537	1,816	95,998	2,357	10,857	4,884	119,449	18,911	5,808	24,719	144,168
Donated Services	332	2,660	142,150	499	-	9,808	155,449	11,304	13,133	24,437	179,886
Banking Costs	-	-	-	-	-	-	-	12,607	-	12,607	12,607
Computer Expenses	451	170	13,325	241	1,697	1,010	16,894	2,873	712	3,585	20,479
Conferences and Meetings	-	-	15,157	-	-	425	15,582	8,506	-	8,506	24,088
Contract Labor	-	45	34,747	-	-	352	35,144	13,476	38	13,514	48,658
Depreciation	301	196	10,169	169	1,226	554	12,615	2,114	479	2,593	15,208
Facilities	-	2,532	23,131	-	-	-	25,663	-	3,114	3,114	28,777
Gifts and Volunteer Costs	4,900	32	1,893	-	-	-	6,825	3,517	27	3,544	10,369
Grants to Others	299,568	-	-	268,555	-	-	568,123	-	-	-	568,123
Insurance	230	143	7,481	126	911	425	9,316	1,572	357	1,929	11,245
Licenses, Fees and Subscriptions	202	117	7,983	106	963	33	9,404	5,678	311	5,989	15,393
Meals and Entertainment	-	-	4,514	-	122	1,094	5,730	1,218	205	1,423	7,153
Media and Advertising	-	-	34,951	-	-	-	34,951	1,390	-	1,390	36,341
Miscellaneous	-	-	-	-	-	-	-	1,843	53	1,896	1,896
Occupancy	1,695	1,066	54,068	908	6,587	3,105	67,429	11,451	2,550	14,001	81,430
Postage and Shipping	65	191	14,397	29	209	786	15,677	772	28,502	29,274	44,951
Printing and Publication	63	264	52,195	51	210	1,453	54,236	2,567	47,007	49,574	103,810
Professional Services	-	-	20,440	-	-	-	20,440	46,311	35,102	81,413	101,853
Supplies	124	45	27,054	187	563	1,534	29,507	946	2,569	3,515	33,022
Telephone	450	251	14,703	250	1,817	842	18,313	3,091	722	3,813	22,126
Travel	12,950	12	83,982	526	-	1,788	99,258	10,285	5,430	15,715	114,973
Video Production and Distribution	-	-	4,502	-	-	3,176	7,678	-	-	-	7,678
Website	-	1,112	17,306	-	-	225	18,643	1,112	3,336	4,448	23,091
Total Expenses	\$ 344,012	\$ 20,672	\$ 1,207,535	\$ 287,022	\$ 84,614	\$ 58,457	\$ 2,002,312	\$ 265,303	\$ 181,395	\$ 446,698	\$ 2,449,010
Total Expenses as Percentage of Total Support and Revenue								<u>10.8%</u>	<u>7.4%</u>	<u>18.2%</u>	

The accompanying notes are an integral part of these consolidated financial statements.

SHARED HOPE INTERNATIONAL AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Cash received from donors	\$ 2,781,070	\$ 2,263,440
Cash paid to grantees, vendors, and employees	(2,284,262)	(2,276,323)
Interest income	4,259	4,389
	<u>501,067</u>	<u>(8,494)</u>
Net Cash Provided (Used) by Operating Activities	501,067	(8,494)
Cash Flows from Investing Activities		
Purchases of investments	(40,938)	(35,666)
Proceeds from sale of investments	76,119	49,176
Acquisition of property and equipment	(11,438)	(2,232)
	<u>23,743</u>	<u>11,278</u>
Net Cash Provided by Investing Activities	23,743	11,278
Net Increase in Cash and Cash Equivalents	524,810	2,784
Cash and Cash Equivalents, Beginning of Year	<u>458,896</u>	<u>456,112</u>
Cash and Cash Equivalents, End of Year	<u>\$ 983,706</u>	<u>\$ 458,896</u>

The accompanying notes are an integral part of these consolidated financial statements.

SHARED HOPE INTERNATIONAL AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Change in Net Assets	\$ 809,999	\$ 12,307
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	12,428	15,208
Noncash donations	(299,447)	(3,745)
Dividend reinvestments	(3,336)	(2,978)
Investment (gains) losses	(5,705)	4,988
Change in assets and liabilities:		
Grants receivable	(2,000)	2,000
Pledges receivable, net	(40,899)	(3,755)
Other receivables	132	792
Prepaid expenses	(28,537)	(6,952)
Inventory	(2,100)	(2,529)
Accounts payable	53,223	(26,763)
Accrued payroll taxes and benefits	29,208	(1,984)
Accrued paid time off	(21,899)	4,917
Total Adjustments	<u>(308,932)</u>	<u>(20,801)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 501,067</u>	<u>\$ (8,494)</u>

The accompanying notes are an integral part of these consolidated financial statements.

**SHARED HOPE INTERNATIONAL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

Years Ended June 30, 2013 and 2012

NOTE 1. THE ORGANIZATION

Shared Hope International (Shared Hope), Shared Hope Foundation (Foundation), and Trafficking Markets, LLC, hereafter collectively referred to as the “Organization,” are entities formed in the state of Washington. Shared Hope and the Foundation are corporations and Trafficking Markets is a limited liability company. The Organization’s activities are consolidated in the accompanying consolidated financial statements.

Shared Hope’s mission is to rescue and restore women and children in crisis. Since its formation in November of 1998, the Organization has become a leader in the worldwide effort to prevent and eradicate sex trafficking and slavery through education and public awareness. The purpose of the Shared Hope Foundation, formed in March of 2001, is to provide a long-term endowment for Shared Hope to help ensure that its projects will have a source of future financing. In addition, the Foundation will provide for long-term projects that extend the mission of Shared Hope. Trafficking Markets was formed in April 2005 as a single member limited liability company, with Shared Hope being the sole member. The limited liability company has had no activity since 2008, but during 2013, the entity was reactivated for the purpose of operating Terry’s House, an independent living home for survivors of sex trafficking.

The Organization operates programs to educate the public and to motivate and provide opportunities for taking action concerning the global problem of the trafficking of women and children for sexual exploitation and slavery. Its domestic and international programs are committed to prevention, intervention and restoration of the victims of sex trafficking. Shared Hope aims to bring justice by serving as advisors for enacting strong legislation that provides for the prosecution of both the buyers and sellers while protecting the victims. The Organization partners with groups worldwide to prevent sex trafficking; to rescue victims of trafficking; and to supply shelter, healthcare, education, and vocational training opportunities to victims of sex trafficking.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies of the Organization.

Consolidation Policy – The consolidated financial statements include the accounts of Shared Hope International, Shared Hope Foundation, and Trafficking Markets, LLC. Intercompany transactions between the entities are eliminated in the consolidation.

Basis of Accounting and Presentation – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and reflect all significant receivables, payables and other liabilities.

**SHARED HOPE INTERNATIONAL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

Years Ended June 30, 2013 and 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents for reporting purposes.

Investments – Investments acquired by gift are recorded at their fair market value at the date of the gift. The Organization’s policy is to sell the donated investments promptly upon receipt of the donation.

Investments are comprised of common and preferred stock, money market funds and mutual funds. These investments with readily determinable fair values are reported at their fair values based upon quoted market values. Income earned from investments, including realized and unrealized gains and losses, is recorded in the net assets classes based upon donor restrictions or the absence thereof.

The Organization has an Endowment Fund which contains both temporarily and permanently restricted assets. Investment earnings of the Endowment Fund are available to support the Organization’s rescue/restoration programs, as well as pay for administrative costs of the Foundation. The investment earnings are reported as temporarily restricted in the consolidated statements of activities until disbursed.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

Promises to Give – Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Promises to give, which are reported as pledges receivable in the consolidated financial statements, are unsecured. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance is calculated based on prior years’ experience and management’s analysis of specific promises made.

**SHARED HOPE INTERNATIONAL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

Years Ended June 30, 2013 and 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory – Inventory in the accompanying consolidated statements of financial position consists primarily of books, DVDs, t-shirts, printed materials, and office supplies. The Organization's inventory is recorded at the lower of cost or market on a first-in, first-out basis. Much of the inventory, other than office supplies, is given to donors as a "thank you" for their donation. However, in recent years, Shared Hope has added awareness and training resources to its inventory.

Property and Equipment – Property and equipment are recorded at cost, if purchased, or at fair market value at date of gift, if donated. It is the Organization's policy to capitalize expenditures for items in excess of \$250. Depreciation on property and equipment is computed on the straight-line basis over the estimated useful lives of the assets. Leasehold improvements are depreciated over the life of the property or lease, whichever is shorter. The recorded value of equipment and other capital assets used in the Organization's International and Domestic Partners program are expensed as incurred when the Organization does not retain title.

Expenditures for additions, major renewals, and betterments are capitalized, and expenditures for repairs and maintenance are charged against revenue as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation is eliminated from the accounts in the year of disposal with the resulting gain or loss credited or charged to operations.

Foundation Investments – Foundation investments reported in the consolidated statements of financial position consist of endowment funds received by the Shared Hope Foundation, with donor-imposed restrictions limiting their use for long-term purposes.

Restricted and Unrestricted Revenue and Support – Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor-imposed restrictions. When projects are completed and restricted funds remain, every effort is made to use the excess funds in like or similar projects.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 consolidated statements of activities as net assets released from restrictions.

Gifts-in-kind – In-kind contributions of equipment and other materials are recorded when there is an objective basis upon which to value these contributions and where the contributions are an integral part of the Organization's activities. The Organization receives the benefit of donated services, which are recognized if the services received create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

**SHARED HOPE INTERNATIONAL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

Years Ended June 30, 2013 and 2012

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses – The costs of providing various programs and supporting activities have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Certain costs have been allocated between the program and supporting services benefited. Such allocations are made on the basis of cost accounting information available and the judgment of management.

Advertising Expenses – Advertising costs are charged to income during the year in which they are incurred. Advertising expense for the years ended June 30, 2013 and 2012 was \$14,246 and \$36,341, respectively.

Income Taxes – The Organization is exempt from Federal and State income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an Organization that is not a private foundation under Section 509(a)(2). Accordingly, no provision for income taxes has been included in the consolidated financial statements.

The Organization recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement.

Effective with the year ended June 30, 2011, the Organization elected the expenditure test under section 501(h) as an alternative method for measuring lobbying activity. The election provides a specific dollar amount the Organization can spend on lobbying activities during the year without the burden of proving the amount is not substantial. Management believes the Organization's lobbying activities are within limits allowed by relevant tax law.

The Organization's Federal Form 990 (Return of Organization Exempt from Income Tax) for the years ended June 30, 2010, 2011, and 2012 are subject to examination by the IRS, generally for three years after they were filed. No penalties or interest were assessed on tax filings for the years ended June 30, 2013 and 2012.

Subsequent Events – Subsequent events are events or transactions that occur after the statement of financial position date, but before the financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. Subsequent events that provide evidence about conditions that arose after the statement of financial position date are not recognized in the financial statements. Management has evaluated subsequent events through December 15, 2013, which is the date the financial statements were available to be issued.

SHARED HOPE INTERNATIONAL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Years Ended June 30, 2013 and 2012

NOTE 3. CASH AND CASH EQUIVALENTS

At certain times during the year, the level of cash held may exceed federally insured limits. Bank deposits are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 per institution. The Organization had cash in excess of FDIC insured limits of \$231,128 as of June 30, 2013. The cash balance reported in the accompanying financial statements may differ from the amount held on deposit due to deposits in transit or outstanding checks that have not cleared the bank as of the statement of financial position date.

NOTE 4. FAIR VALUE INVESTMENTS

The Organization uses fair value measurements to record fair value adjustments to its endowment investments and certain other assets. The *Fair Value Measurements* topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The fair values of trading and available for sale securities are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or matrix pricing, which is a mathematical technique widely used to in the industry to value debt securities without relying exclusively on quoted prices for the specific securities, but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the year ended June 30, 2013 and 2012.

The Organization maintains only Level 1 inputs that are classified as investments with a fair value of \$104,578 and \$86,271 at June 30, 2013 and 2012, respectively.

**SHARED HOPE INTERNATIONAL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

Years Ended June 30, 2013 and 2012

NOTE 4. FAIR VALUE INVESTMENTS (CONTINUED)

The fair value of investments in equity securities (primarily mutual funds and common stocks) by class consists of the following at June 30:

	<u>2013</u>	<u>2012</u>
Bond	\$ 38,868	\$ 33,432
US Growth	17,920	14,559
US Value	16,350	12,234
International Developed Equities	14,523	9,714
US Blend	4,966	5,912
Emerging Markets	5,243	4,875
Real Estate Investment Trust	3,474	3,215
Market Neutral	3,234	-
Precious Metals	-	2,330
	<u>\$ 104,578</u>	<u>\$ 86,271</u>

Investment income is summarized as follows for the years ended June 30:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 4,259	\$ 4,389
Realized gain on investments	535	4,333
Unrealized gain (loss) on investments	5,170	(9,321)
	<u>\$ 9,964</u>	<u>\$ (599)</u>

NOTE 5. GRANTS RECEIVABLE

Grants receivable consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
M.J. Murdock Charitable Trust	<u>\$ 42,000</u>	<u>\$ 40,000</u>

SHARED HOPE INTERNATIONAL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years Ended June 30, 2013 and 2012

NOTE 6. CONDITIONAL PROMISES TO GIVE

During the year ended June 30, 2010, the Organization received a three-year \$248,000 grant for program expansion. The grant terms indicate that the funds are to be used toward compensation for a national training bureau coordinator and a community awareness coordinator, as well as travel costs and computer equipment for these positions. The grant included \$166,000 awarded without conditions. Receipt of the remaining \$82,000 was contingent upon the Organization raising matching funds according to the grant stipulations. Since the \$82,000 represented a conditional promise to give, the amount was not recognized as revenue until the conditions were met.

During the year ended June 30, 2012, the Organization raised the required matching funds for year two and submitted a request for \$40,000. This amount was reported as a grant receivable as of June 30, 2012 (Note 5). During the year ended June 30, 2013, the Organization raised the required matching funds for year three and submitted a request for the remaining \$42,000 of grant funds. This amount was reported as a grant receivable as of June 30, 2013 (Note 5).

During the year ended June 30, 2012, the Organization received a letter of intent for a donation of \$24,000 to be paid in monthly installments of \$2,000 beginning February 2012. The donation is subject to the continued desire of the donor to provide support and to the donor receiving sufficient public funds. Since these donations are contingent upon the donor receiving sufficient funds, the donation represents a conditional promise to give and is therefore not recognized as revenue until the conditions are met.

NOTE 7. PLEDGES RECEIVABLE

Pledges receivable representing unconditional promises to give consist of the following at June 30:

	2013	2012
Receivable in less than one year	\$ 125,976	\$ 104,763
Receivable in one to five years	19,990	-
Receivable in more than five years	750	-
Allowance for uncollectible pledges	(22,007)	(20,953)
	<u>\$ 124,709</u>	<u>\$ 83,810</u>

SHARED HOPE INTERNATIONAL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Years Ended June 30, 2013 and 2012

NOTE 8. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
Land and buildings	\$ 255,000	\$ -
Office equipment and furniture	113,209	103,891
Leasehold improvements	47,220	47,220
Program equipment	<u>10,555</u>	<u>8,435</u>
	425,984	159,546
Accumulated depreciation	<u>(148,931)</u>	<u>(136,503)</u>
	<u>\$ 277,053</u>	<u>\$ 23,043</u>

Depreciation expense was \$12,428 and \$15,208 in 2013 and 2012, respectively.

NOTE 9. ENDOWMENT FUNDS

The Organization's endowment currently consists of funds given to the Mannisha Life Endowment Fund. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law – The management of the Organization has interpreted the State of Washington's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

SHARED HOPE INTERNATIONAL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years Ended June 30, 2013 and 2012

NOTE 9. ENDOWMENT FUNDS (CONTINUED)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the Organization and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation or depreciation of investments.
- (6) Other resources of the Organization.
- (7) The investment policies of the Organization.

Endowment fund net asset composition by type at June 30, 2013 and 2012 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted				
Endowment, June 30, 2013	\$ -	\$ 32,013	\$ 71,419	\$ 103,432
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted				
Endowment, June 30, 2012	\$ -	\$ 24,394	\$ 71,419	\$ 95,813

As of June 30, 2013 and 2012, the Organization had no board-restricted endowment funds. Changes in endowment net assets for the year ended June 30, 2013 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets,				
July 1, 2012	\$ -	\$ 24,394	\$ 71,419	\$ 95,813
Investment income:				
Interest and dividends	-	3,341	-	3,341
Realized gains	-	1,364	-	1,364
Unrealized gains	-	5,170	-	5,170
Total investment income	-	9,875	-	9,875
Appropriation of endowment assets for expenditures	-	(2,256)	-	(2,256)
Endowment net assets, June 30, 2013	\$ -	\$ 32,013	\$ 71,419	\$ 103,432

SHARED HOPE INTERNATIONAL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years Ended June 30, 2013 and 2012

NOTE 9. ENDOWMENT FUNDS (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2012 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2011	\$ -	\$ 28,290	\$ 71,419	\$ 99,709
Investment income:				
Interest and dividends	-	3,070	-	3,070
Realized gains	-	4,451	-	4,451
Unrealized losses	-	(9,330)	-	(9,330)
Total investment income	-	(1,809)	-	(1,809)
Appropriation of endowment assets for expenditures	-	(2,087)	-	(2,087)
Endowment net assets, June 30, 2012	<u>\$ -</u>	<u>\$ 24,394</u>	<u>\$ 71,419</u>	<u>\$ 95,813</u>

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, no deficiencies of this nature were required to be reported in unrestricted net assets as of June 30, 2013 and 2012. If these deficiencies were to exist, they would most likely result from unfavorable market fluctuations.

Return Objectives and Risk Parameters – The Organization has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding for the payment of obligations and mission-related expenses, administrative expenses and the growth of financial surplus, while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Finance and Audit Committee, the endowment assets are invested in a manner that is intended to produce results that provide a reasonable balance between the quest for growth and the need to protect principal. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 5.5 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives – To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**SHARED HOPE INTERNATIONAL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

Years Ended June 30, 2013 and 2012

NOTE 9. ENDOWMENT FUNDS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy – The Organization has a policy of appropriating for distribution each year the income earned on the endowment funds. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to remain consistent. This is consistent with Organization’s objective to preserve the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 10. NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods as of June 30:

	<u>2013</u>	<u>2012</u>
Terry's House shelter property	\$ 255,000	\$ -
Puget Sound shelter development	133,049	183,000
Pledges receivable at June 30, 2013 and 2012	124,709	83,810
Earnings from endowment fund yet to be disbursed	32,013	24,394
International Partners: South Africa Village of Hope	1,696	1,696
Domestic Public Education:		
PIC Demanding Justice project	313,680	-
National Restoration Initiative	129,940	-
Chosen nationwide campaign	45,040	-
Chosen video with gangs	20,000	-
Production of audio books	9,500	-
Arizona billboard campaign	2,500	2,500
North Carolina PII report card	1,810	7,312
Minnesota PII report card	-	1,161
Massachusetts PII report card	-	319
Events to be held after June 30, 2013	10,500	-
M.J. Murdock Charitable Trust grant	-	2,888
Total Temporarily Restricted Net Assets	<u>\$ 1,079,437</u>	<u>\$ 307,080</u>

Permanently restricted net assets include amounts donated to the Mannisha Life Endowment Fund totaling \$71,419 as of June 30, 2013 and 2012.

SHARED HOPE INTERNATIONAL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years Ended June 30, 2013 and 2012

NOTE 11. GIFTS-IN-KIND

Shared Hope receives contributions in the form of donated services, supplies, and other assets. If it were not for gifts-in-kind, the purchase of these vital components and the services of these volunteers for its programs would be restricted to the availability of cash funds. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

In-kind donations reported in the accompanying financial statements consist of the following for the years ended June 30:

	2013	2012
Land and buildings	\$ 255,000	\$ -
Managerial and professional services	285,331	186,003
Investments	44,447	3,737
Printing and supplies	902	-
Miscellaneous	20	-
Equipment	-	1,050
	<u>\$ 585,700</u>	<u>\$ 190,790</u>

The Organization receives donated services, primarily for administrative and fundraising support, which do not require specific expertise, but are nonetheless central to the Organization's activities. The estimated value of these services, based on the minimum hourly wage, amounts to \$38,721 and \$53,302 for the years ended June 30, 2013 and 2012, respectively. As required by generally accepted accounting principles, the value of these services is not reflected in the financial statements.

NOTE 12. GRANTS TO OTHERS

The Organization partners with several foreign nonprofit organizations in order to help rescue and restore victims of sex trafficking by providing them with shelter, healthcare, education and vocational training opportunities. The Organization has found that supporting established, local nonprofit organizations in foreign countries is the most effective way to meet these goals due to legal and cultural differences. The Organization's staff oversees these projects to ensure monies are utilized in compliance with the grant agreements in place.

The Organization also partners with nonprofit organizations across the United States to fund street outreach for at-risk and trafficked women and children. These programs literally meet the girls where they are and provide resource hotlines, clothing, food, shelter placement and medical care. Partners work to support girls in order for them to escape a life of brutality, control and sexual violence.

**SHARED HOPE INTERNATIONAL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

Years Ended June 30, 2013 and 2012

NOTE 12. GRANTS TO OTHERS (CONTINUED)

Funds granted to nonprofit organizations are recorded as Grants to Others in the accompanying consolidated statements of functional expenses and totaled \$486,978 and \$568,123 for the years ended June 30, 2013 and 2012, respectively.

NOTE 13. OPERATING LEASES

The Organization leased office space in Vancouver, Washington under a one-year non-cancelable lease commencing November 2010. The Organization renewed this lease for an additional year upon its expiration, and thereafter, leased the Washington office space on a month to month basis.

Subsequent to year-end, the Organization entered into a three-year non-cancelable lease for expanded office space at their current Washington location. The lease commences in January 2014 and contains an option to negotiate a three-year lease.

The Organization also leased office space in Arlington, Virginia under a non-cancelable lease commencing April 2007. In May 2010, the Organization exercised a renewal option for an additional three-year term for their Virginia office space, and in May 2013, the Organization renewed the lease for an additional eighteen months.

Future minimum lease payments are as follows for the years ending June 30:

2014	\$ 63,027
2015	62,075
2016	49,800
2017	<u>24,900</u>
	<u>\$ 199,802</u>

Rent expense reported in the accompanying consolidated statements of activities was \$75,325 and \$74,263 for the years ended June 30, 2013 and 2012, respectively.

NOTE 14. JOINT COSTS

Certain direct and indirect joint costs are incurred by the Organization's programs to educate the American public. When public education program activities are combined with a fundraising appeal, accounting principles generally accepted in the United States of America prescribe conditions under which costs may be split between fundraising and program activities. If these conditions are not met, then the entire amount must be treated as a fundraising cost.

**SHARED HOPE INTERNATIONAL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

Years Ended June 30, 2013 and 2012

NOTE 14. JOINT COSTS (CONTINUED)

The conditions to be met include three criteria tests: purpose, audience and content. When these criteria are met, the expenditures of the Organization's joint activities are allocated between fundraising and the Organization's related programs. In educating the public about human trafficking activities, Shared Hope incurred certain joint costs for informational materials, events and its website.

The functional allocation of these joint costs for the years ended June 30 is summarized as follows:

	<u>2013</u>	<u>2012</u>
Domestic Public Education	\$ 252,242	\$ 89,513
International Public Education	5,698	4,965
Fundraising	181,853	153,002
Administration	<u>2,800</u>	<u>1,112</u>
	<u>\$ 442,593</u>	<u>\$ 248,592</u>

NOTE 15. PROFIT SHARING PLAN

The Organization maintains a profit-sharing and 401(k) plan (the Plan) for all eligible employees. Employees may contribute a percentage of their salary to the Plan subject to statutory limits. The Organization has made matching contributions in an amount equal to 3% of each eligible participant's compensation totaling \$15,815 and \$12,973 for the years ended June 30, 2013 and 2012, respectively. In addition, the Plan provides for discretionary contributions as determined by the Board of Directors. No discretionary contributions were made for the years ended June 30, 2013 and 2012.

NOTE 16. STATEMENT OF CASH FLOWS – SUPPLEMENTAL DISCLOSURES

Non-cash transactions reported in the accompanying consolidated statements of cash flows are as follows:

	<u>2013</u>	<u>2012</u>
Donated investments	<u>\$ 44,447</u>	<u>\$ 3,737</u>
Donated land and buildings	<u>\$ 255,000</u>	<u>\$ -</u>

Cash paid for interest in the year ended June 30, 2013 and 2012 totaled \$8 and \$0, respectively.

SHARED HOPE INTERNATIONAL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
Years Ended June 30, 2013 and 2012

NOTE 17. RISKS

The sex trafficking industry is fraught with dangers that could result in serious consequences to any party that discloses information about the details of sex trafficking operations or that works to prevent such operations from continuing. The Organization is heavily involved with research and related activities which are aimed at revealing information about the details of the sex trafficking industry and with helping sex trafficking victims reach freedom. In addition, the Organization is committed to bringing justice to victims of sex trafficking by supporting the development of global, federal and state policies and legislation.

NOTE 18. UNCONDITIONAL PURCHASE OBLIGATION

Unconditional purchase obligations relate to commitments to make payments in the future for fixed or minimum quantities of goods or services at fixed or minimum prices. On April 30, 2013, the Organization entered into an agreement for facilities and catering services for its Sharing the Hope 2013 event to be held in November 2013. The agreement contains a provision that the Organization will spend a minimum of \$25,000 on food and beverage. This guaranteed amount is required to be paid, regardless of whether the Organization actually charges that amount. During the year ended June 30, 2013, the Organization paid a \$25,000 deposit related to this agreement which is included in prepaid expenses in the accompanying statements of financial position.

The agreement also includes a commitment by the hotel to provide a certain number of guest rooms and services at special rates based upon anticipated hotel revenues from the Organization's event. The agreement includes terms indicating that the hotel and the Organization will share in the loss of revenue should the Organization cancel their event, reduce the size of the event, or reduce the amount of food and beverage service. The maximum fee to be paid by the Organization would be \$45,628 if the Organization were to cancel the event less than 60 days prior to the event date. As of the date of these financial statements, the Sharing the Hope 2013 event has occurred, and the related obligations under this agreement were fulfilled.

SUPPLEMENTARY INFORMATION

SHARED HOPE INTERNATIONAL AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

Year Ended June 30, 2013

	Shared Hope International	Shared Hope Foundation	Trafficking Markets	Consolidation Adjustments	Total
ASSETS					
Current Assets					
Cash	\$ 981,962	\$ 1,744	\$ -	\$ -	\$ 983,706
Investments	-	33,159	-	-	33,159
Grants receivable	42,000	-	-	-	42,000
Pledges receivable, net	124,709	-	-	-	124,709
Other receivables	-	-	-	-	-
Intercompany receivable	2,890	-	-	(2,890)	-
Prepaid expenses	46,604	-	-	-	46,604
Inventory	45,805	-	-	-	45,805
Total Current Assets	1,243,970	34,903	-	(2,890)	1,275,983
Deposits and Other Assets	3,338	-	-	-	3,338
Property and Equipment, net	274,933	-	2,120	-	277,053
Website	31,183	-	-	-	31,183
Foundation Investments	-	71,419	-	-	71,419
Total Assets	<u>\$ 1,553,424</u>	<u>\$ 106,322</u>	<u>\$ 2,120</u>	<u>\$ (2,890)</u>	<u>\$ 1,658,976</u>
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable	\$ 85,597	\$ -	\$ -	\$ -	\$ 85,597
Intercompany payable	-	2,890	-	(2,890)	-
Accrued payroll taxes and benefits	55,853	-	-	-	55,853
Accrued paid time off	35,985	-	-	-	35,985
Total Current Liabilities	177,435	2,890	-	(2,890)	177,435
Net Assets					
Unrestricted					
Operations	308,632	-	-	-	308,632
Property and equipment	19,933	-	2,120	-	22,053
Total Unrestricted	328,565	-	2,120	-	330,685
Temporarily restricted	1,047,424	32,013	-	-	1,079,437
Permanently restricted	-	71,419	-	-	71,419
Total Net Assets	1,375,989	103,432	2,120	-	1,481,541
Total Liabilities and Net Assets	<u>\$ 1,553,424</u>	<u>\$ 106,322</u>	<u>\$ 2,120</u>	<u>\$ (2,890)</u>	<u>\$ 1,658,976</u>

See independent auditor's report.

SHARED HOPE INTERNATIONAL AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

Year Ended June 30, 2012

	Shared Hope International	Shared Hope Foundation	Consolidation Adjustments	Total
ASSETS				
Current Assets				
Cash	\$ 447,454	\$ 11,442	\$ -	\$ 458,896
Investments	-	14,852	-	14,852
Grants receivable	40,000	-	-	40,000
Pledges receivable, net	83,810	-	-	83,810
Other receivables	132	-	-	132
Intercompany receivable	1,900	-	(1,900)	-
Prepaid expenses	18,067	-	-	18,067
Inventory	43,705	-	-	43,705
Total Current Assets	635,068	26,294	(1,900)	659,462
Deposits and Other Assets	3,338	-	-	3,338
Property and Equipment, net	23,043	-	-	23,043
Website	31,183	-	-	31,183
Foundation investments	-	71,419	-	71,419
Total Assets	<u>\$ 692,632</u>	<u>\$ 97,713</u>	<u>\$ (1,900)</u>	<u>\$ 788,445</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 32,374	\$ -	\$ -	\$ 32,374
Intercompany payable	-	1,900	(1,900)	-
Accrued payroll taxes and benefits	26,645	-	-	26,645
Accrued paid time off	57,884	-	-	57,884
Total Current Liabilities	116,903	1,900	(1,900)	116,903
Net Assets				
Unrestricted				
Operations	270,000	-	-	270,000
Property and equipment	23,043	-	-	23,043
Total Unrestricted	293,043	-	-	293,043
Temporarily restricted	282,686	24,394	-	307,080
Permanently restricted	-	71,419	-	71,419
Total Net Assets	<u>575,729</u>	<u>95,813</u>	<u>-</u>	<u>671,542</u>
Total Liabilities and Net Assets	<u>\$ 692,632</u>	<u>\$ 97,713</u>	<u>\$ (1,900)</u>	<u>\$ 788,445</u>

See independent auditor's report.

SHARED HOPE INTERNATIONAL AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

	Shared Hope <u>International</u>	Shared Hope <u>Foundation</u>	Trafficking <u>Markets</u>	Consolidation <u>Adjustments</u>	<u>Total</u>
Support and Revenue					
Contributions and grants	\$ 2,780,428	\$ -	\$ 42,517	\$ (42,517)	\$ 2,780,428
Registration income	46,745	-	-	-	46,745
Gifts-in-kind	585,700	-	-	-	585,700
Interest income	918	3,341	-	-	4,259
Investment gain (loss)	(829)	6,534	-	-	5,705
Total Support and Revenue	3,412,962	9,875	42,517	(42,517)	3,422,837
Expenses					
Program Activities					
International partners	265,605	-	-	-	265,605
International public education	18,677	-	-	-	18,677
Domestic public education	1,344,619	-	-	-	1,344,619
Domestic partners	339,436	-	39,883	(42,517)	336,802
Domestic WIN program	82,064	-	-	-	82,064
Intervention/Prevention program	53,375	-	-	-	53,375
Total Program Activities	2,103,776	-	39,883	(42,517)	2,101,142
Supporting Activities					
Administration	263,030	2,256	514	-	265,800
Fundraising	245,896	-	-	-	245,896
Total Supporting Activities	508,926	2,256	514	-	511,696
Total Expenses	2,612,702	2,256	40,397	(42,517)	2,612,838
Change in Net Assets	800,260	7,619	2,120	-	809,999
Net Assets, Beginning of Year	575,729	95,813	-	-	671,542
Net Assets, End of Year	<u>\$ 1,375,989</u>	<u>\$ 103,432</u>	<u>\$ 2,120</u>	<u>\$ -</u>	<u>\$ 1,481,541</u>

See independent auditor's report.

SHARED HOPE INTERNATIONAL AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2012

	Shared Hope International	Shared Hope Foundation	Consolidation Adjustments	Total
Support and Revenue				
Contributions and grants	\$ 2,248,581	\$ -	\$ -	\$ 2,248,581
Registration income	22,545	-	-	22,545
Gifts-in-kind	190,790	-	-	190,790
Interest income	1,319	3,070	-	4,389
Investment loss	(109)	(4,879)	-	(4,988)
Total Support and Revenue	2,463,126	(1,809)	-	2,461,317
Expenses				
Program Activities				
International partners	344,012	-	-	344,012
International public education	20,672	-	-	20,672
Domestic public education	1,207,535	-	-	1,207,535
Domestic partners	287,022	-	-	287,022
Domestic WIN program	84,614	-	-	84,614
Intervention/Prevention program	58,457	-	-	58,457
Total Program Activities	2,002,312	-	-	2,002,312
Supporting Activities				
Administration	263,216	2,087	-	265,303
Fundraising	181,395	-	-	181,395
Total Supporting Activities	444,611	2,087	-	446,698
Total Expenses	2,446,923	2,087	-	2,449,010
Change in Net Assets	16,203	(3,896)	-	12,307
Net Assets, Beginning of Year	559,526	99,709	-	659,235
Net Assets, End of Year	<u>\$ 575,729</u>	<u>\$ 95,813</u>	<u>\$ -</u>	<u>\$ 671,542</u>

See independent auditor's report.