

**SHARED HOPE INTERNATIONAL  
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2024**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Shared Hope International and Affiliates  
Vancouver, Washington

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Shared Hope International and Affiliates (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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, 2024, and the changes in their net assets and their 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Shared Hope International and Affiliates 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Shared Hope International and Affiliates' ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 would influence the judgment made by a reasonable user based on the consolidated 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 consolidated 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 consolidated 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 Shared Hope International and Affiliates' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Shared Hope International and Affiliates' 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities and changes in net assets are presented for purposes of additional analysis and are not a required part of the consolidated financial statement. 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 statement. The information has been subjected to the auditing procedures applied in the audits 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 statement or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. 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 black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Tri-Cities, Washington  
December 19, 2024

**SHARED HOPE INTERNATIONAL AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2024**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 3,432,832
Investments	181,519
Grants Receivable	91,000
Prepaid Expenses	367,810
Inventory	54,316
Total Current Assets	<u>4,127,477</u>

**DEPOSITS**

6,821

**PROPERTY AND EQUIPMENT, Net**

2,650,748

**RIGHT-OF-USE ASSET - OPERATING**

76,476

Total Assets

\$ 6,861,522

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable	\$ 83,501
Accrued Payroll Taxes and Benefits	55,360
Accrued Paid Time Off	74,397
Deferred Revenue	208,125
Current Lease Liability - Operating	78,759
Total Liabilities	<u>500,142</u>

**NET ASSETS**

Without Donor Restrictions	5,503,251
With Donor Restrictions	858,129
Total Net Assets	<u>6,361,380</u>

Total Liabilities and Net Assets

\$ 6,861,522

*See accompanying Notes to Consolidated Financial Statements.*

**SHARED HOPE INTERNATIONAL AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions and Grants	\$ 2,909,580	\$ 1,620,373	\$ 4,529,953
Program and Service Revenue	411,744	-	411,744
Gifts-In-Kind	156,083	-	156,083
Investment Return, Net	67,096	17,308	84,404
Miscellaneous Income	2,934	-	2,934
Net Assets Released from Restrictions	1,304,112	(1,304,112)	-
Total Support and Revenue	4,851,549	333,569	5,185,118
<b>EXPENSES</b>			
Program Activities:			
International Partners	219,855	-	219,855
International Public Education	103,628	-	103,628
Domestic Public Education	3,553,475	-	3,553,475
Domestic Partners	156,989	-	156,989
Domestic WIN Program	36,568	-	36,568
Total Program Activities	4,070,515	-	4,070,515
Supporting Activities:			
Administration	453,168	-	453,168
Fundraising	529,481	-	529,481
Total Supporting Activities	982,649	-	982,649
Total Expenses	5,053,164	-	5,053,164
<b>CHANGE IN NET ASSETS</b>	(201,615)	333,569	131,954
Net Assets - Beginning of Year	5,704,866	524,560	6,229,426
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 5,503,251</u>	<u>\$ 858,129</u>	<u>\$ 6,361,380</u>

See accompanying Notes to Consolidated Financial Statements.

**SHARED HOPE INTERNATIONAL AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2024**

	Program Activities						Supporting Activities		Total Expenses
	International	International	Domestic		Domestic	Total	Administration	Fundraising	
	Partners	Public Education	Public Education	Domestic Partners	WIN Program				
Salaries and Wages	\$ 10,888	\$ 6,230	\$ 1,320,486	\$ 33,109	\$ 16,716	\$ 1,387,429	\$ 189,766	\$ 175,164	\$ 1,752,359
Payroll Taxes and Benefits	1,798	1,011	208,473	5,111	2,313	218,706	30,099	28,079	276,884
Facilities	-	14,861	539,794	-	-	554,655	-	21,547	576,202
Contract Labor	519	700	310,371	1,579	752	313,921	8,883	16,887	339,691
Grants to Others	200,000	-	-	105,000	7,900	312,900	-	-	312,900
Occupancy	1,024	-	144,600	3,635	2,289	151,548	21,569	27,897	201,014
Printing and Publication	12	1,838	101,835	39	18	103,742	(70)	91,956	195,628
Professional Services	520	-	103,449	-	-	103,969	43,670	34,562	182,201
Insurance	1,065	-	126,840	3,004	1,661	132,570	18,362	23,617	174,549
Licenses, Taxes, and Subscriptions	570	-	121,040	1,592	818	124,020	22,218	22,328	168,566
In-Kind Expenses	-	-	139,271	123	-	139,394	4,199	12,490	156,083
Travel and Meals	73	3,187	113,732	131	3,100	120,223	7,140	11,413	138,776
Supplies	85	75,348	42,921	191	59	118,604	1,302	2,351	122,257
Media and Advertising	-	-	99,293	-	-	99,293	-	-	99,293
Depreciation	757	-	77,018	2,298	255	80,328	3,859	7,546	91,733
Postage and Shipping	19	453	36,430	85	33	37,020	824	44,326	82,170
Banking Costs	2,127	-	-	-	-	2,127	57,143	-	59,270
Computer Expenses	220	-	27,322	564	262	28,368	4,255	5,131	37,754
Telephone	170	-	18,961	509	255	19,895	1,672	3,886	25,453
Recruiting	-	-	-	-	-	-	20,762	-	20,762
Conferences and Meetings	-	-	10,013	-	-	10,013	10,229	100	20,342
Video Production and Distribution	-	-	8,650	-	-	8,650	-	-	8,650
Website	8	-	2,405	19	5	2,437	2,810	201	5,448
Gifts and Volunteer Costs	-	-	571	-	132	703	4,476	-	5,179
Total Expenses by Function	\$ 219,855	\$ 103,628	\$ 3,553,475	\$ 156,989	\$ 36,568	\$ 4,070,515	\$ 453,168	\$ 529,481	\$ 5,053,164

See accompanying Notes to Consolidated Financial Statements.



**SHARED HOPE INTERNATIONAL AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from Donors and Program Services	\$ 5,018,508
Cash Paid to Grantees, Suppliers, and Employees	(4,734,972)
Interest Income	75,024
Net Cash Provided by Operating Activities	<u>358,560</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Sale of Certificates of Deposit	598,866
Purchases of Investments	(12,190)
Proceeds from Sale of Investments	29,599
Net Cash Provided by Investing Activities	<u>616,275</u>

**INCREASE IN CASH AND CASH EQUIVALENTS**

974,835

Cash and Cash Equivalents - Beginning of Year

2,457,997

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 3,432,832

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES:**

Change in Net Assets	\$ 131,954
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation	91,733
Noncash Donated Investments	(21,260)
Realized Gain on Investments	(865)
Unrealized Gain on Investments	(14,382)
Change in Assets and Liabilities:	
Grants Receivable	(90,846)
Other Receivables	75,000
Prepaid Expenses	(61,095)
Inventory	16,510
Accounts Payable	(20,190)
Accrued Payroll Taxes and Benefits	44,369
Accrued Paid Time Off	15,782
Deferred Revenue	191,850
Total Adjustments	<u>226,606</u>
Net Cash Provided by Operating Activities	<u><u>\$ 358,560</u></u>

*See accompanying Notes to Consolidated Financial Statements.*

**SHARED HOPE INTERNATIONAL AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Shared Hope International (Shared Hope), Shared Hope Foundation (the Foundation), and SHI Institute, hereafter collectively referred to as the Organization, are entities formed in the state of Washington. Shared Hope, the Foundation, and SHI Institute are nonprofit corporations. The Organization's activities are consolidated in the accompanying consolidated financial statements.

Formed in November of 1998, Shared Hope strives to prevent the conditions that foster sex trafficking, restore victims of sex slavery, and bring justice to vulnerable women and children. Shared Hope envisions a world passionately opposed to sex trafficking and a community committed to restoring survivors to lives of purpose, value, and choice – one life at a time.

The purpose of the Foundation, formed in March 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 is to provide for long-term projects that extend the mission of Shared Hope.

SHI Institute was formed in July 2019 for the purpose of holding title to Shared Hope's Washington, D.C. office property.

The Organization's programs are designed 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 and to rescue and supply shelter, health care, education, and vocational training opportunities for the victims of sex trafficking.

**Basis of Accounting**

The Organization, as a nonprofit organization, follows the accounting guidance prescribed by the Financial Accounting Standards Board (FASB) for nonprofit organizations. The accompanying consolidated financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Principles of Consolidation**

The consolidated financial statements include the accounts of Shared Hope International, Shared Hope Foundation, and SHI Institute. Intercompany transactions between the entities are eliminated in the consolidation.

**SHARED HOPE INTERNATIONAL AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

**Certificates of Deposit**

Certificates of deposit are recorded at cost which approximates fair value. Interest earned is included in investment return, net in the accompanying consolidated statement of activities and changes in net assets.

**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 real estate investment trusts (REITs) and mutual funds. The 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 net asset classes based upon donor restrictions or the absence thereof. Investment return is presented net of investment fees.

The Organization has an endowment fund. 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 net assets with donor restrictions (a purpose restriction) in the consolidated financial statements 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 statement of financial position.

**Inventory**

Inventory in the accompanying consolidated statement of financial position consists primarily of books, DVDs, printed materials, supplies, and awareness and training resources. The Organization's inventory is recorded at the lower of cost or net realizable value on a first-in, first-out basis.

**SHARED HOPE INTERNATIONAL AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Property and equipment include land, buildings, leasehold improvements, furniture, and equipment and are recorded at cost, if purchased. It is the Organization's policy to capitalize expenditures for items in excess of \$2,500. Expenditures for additions, major renewals, and betterments are capitalized, and expenditures for repairs and maintenance are charged against expensed 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. The recorded value of equipment and other capital assets used in the Organization's International and Domestic Partners' programs are expensed as incurred when the Organization does not retain title.

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 the term of the lease, whichever is shorter.

**Leases**

The Organization leases office space. The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use assets – operating and lease liability – operating on the consolidated statement of financial position.

Right-of-use (ROU) assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred, and these leases are not included as lease liabilities or right of use assets on the consolidated statement of financial position.

**Net Assets**

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in conformity with U.S. GAAP. Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time. There were no board restricted net assets at June 30, 2024.

**SHARED HOPE INTERNATIONAL AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets (Continued)**

*Net Assets With Donor Restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**Revenue Recognition**

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on what they depend have been met.

The Organization generates revenue from contracts with customers through its annual conference and workshops as well as through the sale of educational and promotional goods. Fees for the annual conference, workshops, and any other events are collected in advance and recorded as deferred revenue until the date of the event, at which point performance obligations are considered satisfied and the amount is recognized as revenue. Revenue from the sale of educational and promotional goods is recognized when the related goods are transferred to the customer.

The following table provides information about significant changes in deferred revenue for the year ended December 31, 2024, recognized during the period for performance obligations that were satisfied in prior periods that should also be disclosed. An organization should also provide information about significant changes in deferred revenue.

Deferred Revenue - Beginning of Year	\$ 16,275
Revenue Recognized that was included in Deferred Revenue at the Beginning of Year	(16,275)
Increases in Deferred Revenue Due to Cash Received During the Year	208,125
Deferred Revenue - End of Year	<u><u>\$ 208,125</u></u>

Registration fees received prior to the period in which the program or activity takes place are reported as deferred revenue in the consolidated statement of financial position.

**In-Kind Goods and Services**

In-kind contributions of materials and supplies 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 AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses**

The costs of providing various program and supporting activities have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Accordingly, 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. The expenses that are allocated include licenses and fees, contract labor, depreciation, insurance, office and occupancy costs as well as salaries, payroll taxes, and benefits which are all allocated on the basis of estimates of time and effort.

**Advertising Expenses**

Advertising costs are charged to income during the year in which they are incurred. Advertising expense for the year ended June 30, 2024 was \$99,293.

**Income Taxes**

Shared Hope and the Foundation are exempt from federal and state income tax under Section 501(c)(3) of the IRC. In addition, these two organizations qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and have been classified as organizations that are not private foundations under Section 509(a)(2). SHI Institute is exempt from federal and state income tax under Section 501(c)(2) of the IRC. 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 50% 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 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.

**Subsequent Events**

The Organization has evaluated the effect of subsequent events on the consolidated financial statements through December 19, 2024, which is the date the consolidated financial statements were available to be issued. There were no subsequent events identified that are required to be disclosed in the consolidated financial statements.

**SHARED HOPE INTERNATIONAL AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 2 LIQUIDITY AND AVAILABILITY**

The Organization receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Management forecasts its future cash flows and monitors its liquidity monthly and monitors its reserves annually. Financial assets in excess of daily cash requirements are invested in certificates of deposit or money market funds as determined appropriate.

Financial assets available for expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following for the fiscal year ended June 30, 2024:

Cash and Cash Equivalents	\$ 3,432,832
Investments	181,519
Grants Receivable	<u>91,000</u>
Total Liquid Financial Assets	3,705,351
Less: Contractual or Donor-Imposed Restrictions Making	
Financial Assets Unavailable for General Expenditures	<u>(858,129)</u>
Financial Assets Available to Meet Cash Needs	
for General Expenditures Within One Year	<u><u>\$ 2,847,222</u></u>

**NOTE 3 CASH AND CERTIFICATES OF DEPOSIT**

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 for up to \$250,000 per institution. The cash balance reported in the accompanying consolidated 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 consolidated statement of financial position date.

The Organization from time to time deposits cash into interest-bearing accounts and invests a portion of its cash in certificates of deposit. As of June 30, 2024, the Organization held of certificates of deposit in the amount of \$-0-.

**NOTE 4 FAIR VALUE AND 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.

**SHARED HOPE INTERNATIONAL AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 4 FAIR VALUE AND INVESTMENTS (CONTINUED)**

*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, 2024.

The fair value of investments in equity securities (primarily mutual funds) by class consists of the following at June 30, 2024:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Mutual Funds:				
Fixed Income	\$ 41,835	\$ -	\$ -	\$ 41,835
Equities - US Growth	65,362	-	-	65,362
Equities - US Value	24,187	-	-	24,187
Equities - International	23,674	-	-	23,674
Real Estate	6,770	-	-	6,770
Exchange Traded Funds	14,786	-	-	14,786
Real Estate Investment Trusts	4,905	-	-	4,905
Total	<u>\$ 181,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,519</u>



**SHARED HOPE INTERNATIONAL AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 5 PROPERTY, EQUIPMENT, AND IMPROVEMENTS**

Property, equipment, and improvements consist of the following at June 30, 2024:

Land and Buildings	\$ 2,599,779
Leasehold Improvements	436,454
Office Equipment and Furniture	137,926
Subtotal	<u>3,174,159</u>
Less: Accumulated Depreciation	<u>(523,411)</u>
Total	<u><u>\$ 2,650,748</u></u>

Depreciation expense was \$91,733 for the year ended June 30, 2024.

**NOTE 6 ENDOWMENT FUNDS**

The Organization's endowment currently consists of funds given to the Mannisha Life Endowment Fund. As required by U.S. GAAP, 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 net assets with donor restrictions (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 as amounts to be held in perpetuity within donor-restricted net assets restrictions is classified as net assets with donor restrictions for time or purpose until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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 endowment fund.
- (2) The purposes of the Organization and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation or 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.

**SHARED HOPE INTERNATIONAL AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 6 ENDOWMENT FUNDS (CONTINUED)**

Endowment fund net asset composition by type at June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment	\$ -	\$ 170,159	\$ 170,159

As of June 30, 2024, the Organization had no board-restricted endowment funds.

Changes in endowment net assets are as follows for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, July 1, 2023	\$ -	\$ 152,967	\$ 152,967
Contributions Received	-	440	440
Investment Return, Net	-	17,308	17,308
Appropriation of Endowment Assets for Expenditures	-	(556)	(556)
Endowment Net Assets, June 30, 2024	\$ -	\$ 170,159	\$ 170,159

**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% 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.

**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.

**SHARED HOPE INTERNATIONAL AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following as of June 30, 2024:

Training Program Expansion	\$ 331,272
Justice	236,061
Endowment	170,159
Incarcerated Trafficking Victims' Legal Fund	72,500
Legal Staff Costs	43,543
Others	3,594
Restoration: Indianapolis	1,000
Total Net Assets With Restrictions	<u><u>\$ 858,129</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows for the year ended June 30, 2024:

Satisfaction of Purpose or Time Restrictions:	
Legal Staff Costs	\$ 22,630
Training Staff	522,593
Restoration	127,610
Justice	630,397
Others	882
Total Net Assets Released from Restriction	<u><u>\$ 1,304,112</u></u>

**NOTE 8 GIFTS-IN-KIND**

The Organization received donated managerial, professional, and printing services for the year ended June 30, 2024. The donated services have been recognized in the consolidated financial statements at an estimated pay rate for the particular market and skill set of each individual. Contributed services totaled \$156,083 for the year ended June 30, 2024 and were used to support programmatic functions.

In-kind gifts are reported as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions. There were no donor restrictions on in-kind goods or services for the year ended June 30, 2024.

In-kind donations reported in the accompanying consolidated financial statements consist of the following for the year ended June 30, 2024:

Managerial Services	\$ 123,493
Professional Services	26,275
Printing	6,315
Total	<u><u>\$ 156,083</u></u>

**SHARED HOPE INTERNATIONAL AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 9 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 organizations across the United States providing services to domestic trafficking victims across the country. Guided by principals garnered through over a decade of research and partnerships with international and local partners, the Organization provides small grants to domestic nonprofit organizations. These domestic grants support emerging trends in service delivery, building upon the goal of the Organization's National Restoration Initiative to build an array of service options to provide tailored, trauma-informed services to survivors. As with the international grants, the Organization's staff monitors these projects to ensure monies are utilized in compliance with the grant agreements in place.

Funds granted to nonprofit organizations are recorded as grants to others in the accompanying consolidated statement of functional expenses and totaled \$312,900 for the year ended June 30, 2024.

**NOTE 10 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, U.S. GAAP prescribes 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.

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 is summarized as follows for the year ended June 30, 2024:

Domestic Public Education	\$ 288,903
International Public Education	28,628
Fundraising	335,148
Total	<u>\$ 652,679</u>

**SHARED HOPE INTERNATIONAL AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 11 LEASES – ASC 842**

In May 2020, The Organization entered into a noncancelable lease for office space in Vancouver, Washington for a term of 62 months at a rate of \$5,884 per month for the initial year. The lease includes a 3% increase in rent each year and contains two five-year renewal options. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following table provides quantitative information concerning the Organization's lease.

Lease Costs Grouped with:

Operating Lease Costs	\$ 77,564
Total Lease Costs	<u>\$ 77,564</u>

Other Information:

Cash Paid for Amounts Included in the

Measurement of Lease Liabilities:

Operating Cash Flows from Operating Leases	\$ 77,551
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Weighted-Average Remaining Lease Term -

Operating Leases	1 Year
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Weighted-Average Discount Rate - Operating Leases	3.03%
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The Organization classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024, is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	<u>\$ 79,861</u>
Total Undiscounted Cash Flows	79,861
Less: Imputed Interest	<u>(1,102)</u>
Present Value of Lease Liabilities	<u>\$ 78,759</u>
 Current Lease Liability	 <u>\$ 78,759</u>
Total Lease Liabilities	<u>\$ 78,759</u>

**NOTE 12 EMPLOYEE BENEFIT PLAN**

The Organization maintains a 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 \$35,540 for the year ended June 30, 2024. In addition, the Plan provides for discretionary contributions as determined by the board of directors. No discretionary contributions were made for the year ended June 30, 2024.

**SHARED HOPE INTERNATIONAL AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 13 UNCONDITIONAL PURCHASE OBLIGATION**

As of June 2024, the Organization entered into an agreement for the 2024 JuST (Juvenile Sex Trafficking) conference. The agreement requires a 75% nonrefundable deposit and includes a provision that the Organization will be responsible for liquidation damages depending on the date of cancellation.

As of June 2024, the Organization entered into an agreement for the 2025 JuST conference. The agreement requires a 25% nonrefundable deposit and includes provisions that the Organization will incur a minimum of \$100,000 in food and beverage charges and will be responsible for liquidation damages depending on the date of cancellation.

Payments made prior to June 30, 2024 totaled \$278,750 and are included in prepaid expenses on the consolidated statement of financial position.

**NOTE 14 RISKS AND UNCERTAINTIES**

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.

## **SUPPLEMENTARY INFORMATION**

**SHARED HOPE INTERNATIONAL AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2024**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Shared Hope International	Shared Hope Foundation	SHI Institute	Consolidation Adjustments	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 3,426,936	\$ 5,896	\$ -	\$ -	\$ 3,432,832
Investments	4,905	176,614	-	-	181,519
Grants Receivable	91,000	-	-	-	91,000
Intercompany Receivable	2,609,572	-	-	(2,609,572)	-
Prepaid Expenses	367,810	-	-	-	367,810
Inventory	54,316	-	-	-	54,316
Total Current Assets	6,554,539	182,510	-	(2,609,572)	4,127,477
<b>DEPOSITS</b>	6,821	-	-	-	6,821
<b>PROPERTY AND EQUIPMENT, Net</b>	374,743	-	2,276,005	-	2,650,748
<b>RIGHT-OF-USE ASSET - OPERATING</b>	76,476	-	-	-	76,476
Total Assets	<u>\$ 7,012,579</u>	<u>\$ 182,510</u>	<u>\$ 2,276,005</u>	<u>\$ (2,609,572)</u>	<u>\$ 6,861,522</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 83,501	\$ -	\$ -	\$ -	\$ 83,501
Intercompany Payable	-	12,351	2,597,221	(2,609,572)	-
Accrued Payroll Taxes and Benefits	55,360	-	-	-	55,360
Accrued Paid Time Off	74,397	-	-	-	74,397
Deferred Revenue	208,125	-	-	-	208,125
Current Lease Liability - Operating	78,759	-	-	-	78,759
Total Liabilities	500,142	12,351	2,597,221	(2,609,572)	500,142
<b>NET ASSETS</b>					
Without Donor Restrictions	5,824,467	-	(321,216)	-	5,503,251
With Donor Restrictions	687,970	170,159	-	-	858,129
Total Net Assets	6,512,437	170,159	(321,216)	-	6,361,380
Total Liabilities and Net Assets	<u>\$ 7,012,579</u>	<u>\$ 182,510</u>	<u>\$ 2,276,005</u>	<u>\$ (2,609,572)</u>	<u>\$ 6,861,522</u>



**SHARED HOPE INTERNATIONAL AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2024**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Shared Hope International	Shared Hope Foundation	SHI Institute	Consolidation Adjustments	Total
<b>SUPPORT AND REVENUE</b>					
Contributions and Grants	\$ 4,529,513	\$ 440	\$ -	\$ -	\$ 4,529,953
Program and Service Revenue	411,744	-	-	-	411,744
Gifts-In-Kind	156,083	-	-	-	156,083
Investment Return, Net	67,096	17,308	-	-	84,404
Miscellaneous Income	2,934	-	-	-	2,934
Total Support and Revenue	5,167,370	17,748	-	-	5,185,118
<b>EXPENSES</b>					
Program Activities:					
International Partners	219,855	-	-	-	219,855
International Public Education	103,628	-	-	-	103,628
Domestic Public Education	3,488,601	-	64,874	-	3,553,475
Domestic Partners	156,989	-	-	-	156,989
Domestic WIN Program	36,568	-	-	-	36,568
Total Program Activities	4,005,641	-	64,874	-	4,070,515
Supporting Activities:					
Administration	451,686	556	926	-	453,168
Fundraising	529,481	-	-	-	529,481
Total Supporting Activities	981,167	556	926	-	982,649
Total Expenses	4,986,808	556	65,800	-	5,053,164
<b>CHANGE IN NET ASSETS</b>	180,562	17,192	(65,800)	-	131,954
Net Assets - Beginning of Year	6,331,875	152,967	(255,416)	-	6,229,426
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 6,512,437</u>	<u>\$ 170,159</u>	<u>\$ (321,216)</u>	<u>\$ -</u>	<u>\$ 6,361,380</u>

