

HOPE THROUGH HEALTH FOUNDATION
RALEIGH, NORTH CAROLINA

INDEPENDENT AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS

Years ended December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Hope Through Health Foundation
Raleigh, North Carolina

Opinion

We have audited the accompanying financial statements of Hope Through Health Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hope Through Health Foundation as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hope Through Health Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hope Through Health Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hope Through Health Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hope Through Health Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Yours truly,

Norman, Bass & Parnell CPAs, PLLC

Norman, Bass & Parnell CPAs, PLLC
Certified Public Accountants
Fayetteville, North Carolina

August 18, 2025

HOPE THROUGH HEALTH FOUNDATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|--|----------------------------|----------------------------|
| <u>ASSETS</u> | | |
| Current Assets: | | |
| Cash & Cash Equivalents | \$ 92,096 | \$ 65,588 |
| Accounts Receivable -related entity | 544,839 | 852,588 |
| Pledge Receivables | <u>5,000</u> | <u>5,000</u> |
| | <u>641,935</u> | <u>923,176</u> |
| Other Assets: | | |
| Investments | <u>2,551,058</u> | <u>1,808,429</u> |
| | | |
| Total Assets | <u><u>\$ 3,192,993</u></u> | <u><u>\$ 2,731,605</u></u> |
| <u>LIABILITIES & NET ASSETS</u> | | |
| Current Liabilities: | | |
| Accounts Payable | \$ - | \$ - |
| Total Current Liabilities | <u>-</u> | <u>-</u> |
| Net Assets | | |
| Without Donor Restrictions | 297,172 | 173,620 |
| With Donor Restrictions | <u>2,895,821</u> | <u>2,557,985</u> |
| Total Net Assets | <u><u>3,192,993</u></u> | <u><u>2,731,605</u></u> |
| | | |
| Total Liabilities & Net Assets | <u><u>\$ 3,192,993</u></u> | <u><u>\$ 2,731,605</u></u> |

The accompanying notes to the financial statements are an integral part of this statement.

HOPE THROUGH HEALTH FOUNDATION
STATEMENT OF ACTIVITIES
Year Ended December 31, 2024

| | 2024 | | |
|---|----------------------------------|----------------------------|-------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Support: | | | |
| Contributions | \$ - | \$ 337,836 | \$ 337,836 |
| Net Assets Released from Restrictions | - - | - - | - - |
| Total Support | - - | 337,836 | 337,836 |
| Operating Expenses: | | | |
| Health Services | 61,341 | - - | 61,341 |
| Management & General | 23,877 | - - | 23,877 |
| Fundraising | - - | - - | - - |
| Total Operating Expenses | 85,218 | - - | 85,218 |
| Increase (Decrease) in Net Assets from Operations | (85,218) | 337,836 | 252,618 |
| Other Revenue (Expense) | | | |
| Interest Income | 71,166 | - - | 71,166 |
| Market Value Gain/(Loss) | 137,604 | - - | 137,604 |
| Total Other Revenue (Expenses) | 208,770 | - - | 208,770 |
| Increase (Decrease) in Net Assets | 123,552 | 337,836 | 461,388 |
| Net Assets at Beginning of Year | 173,620 | 2,557,985 | 2,731,605 |
| Net Assets at End of Year | \$ 297,172 | \$2,895,821 | \$3,192,993 |

The accompanying notes to the financial statements are an integral part of this statement.

HOPE THROUGH HEALTH FOUNDATION
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

| | <u>2023</u> | | |
|---|----------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | <u>Total</u> |
| Support: | | | |
| Contributions | \$ - | \$ 1,086,108 | <u>\$ 1,086,108</u> |
| Net Assets Released from Restrictions | <u> -</u> | <u> -</u> | <u> -</u> |
| Total Support | <u> -</u> | <u>1,086,108</u> | <u>1,086,108</u> |
| Operating Expenses: | | | |
| Health Services | 56,592 | - | 56,592 |
| Management & General | 16,144 | - | 16,144 |
| Fundraising | <u> -</u> | <u> -</u> | <u> -</u> |
| Total Operating Expenses | <u>72,736</u> | <u> -</u> | <u>72,736</u> |
| Increase (Decrease) in Net Assets from Operations | (72,736) | 1,086,108 | 1,013,372 |
| Other Revenue (Expense) | | | |
| Interest Income | 49,071 | - | 49,071 |
| Market Value Gain/(Loss) | 123,331 | - | 123,331 |
| Total Other Revenue (Expenses) | <u>172,402</u> | <u> -</u> | <u>172,402</u> |
| Increase (Decrease) in Net Assets | 99,666 | 1,086,108 | 1,185,774 |
| Net Assets at Beginning of Year | 73,954 | 1,471,877 | 1,545,831 |
| Transfer to Hope Through Health Foundation | <u> -</u> | <u> -</u> | <u> -</u> |
| Net Assets at End of Year | <u>\$ 173,620</u> | <u>\$ 2,557,985</u> | <u>\$ 2,731,605</u> |

The accompanying notes to the financial statements are an integral part of this statement.

HOPE THROUGH HEALTH FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2024

| | Program Services | | Supporting Services | | Total Expenses |
|---|------------------|---------------|------------------------|-------------|----------------|
| | Health Services | Total | Management and General | Fundraising | 2024 |
| Bank Fees | \$ - | \$ - | \$ 280 | \$ - | \$ 280 |
| Contract Services | - | - | 1,440 | - | 1,440 |
| Donations | 61,341 | 61,341 | - | - | 61,341 |
| Professional Fees | - | - | 22,157 | \$ - | 22,157 |
| Total Expenses Included in the Functional Categories on the Statement of Activities | \$ 61,341 | \$ 61,341 | \$ 23,877 | \$ - | \$ 85,218 |

The accompanying notes to the financial statements are an integral part of this statement.

HOPE THROUGH HEALTH FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

| | Program Services | | Supporting Services | | Total Expenses 2023 \$ 260 |
|---|------------------|------------------|------------------------|-------------|----------------------------------|
| | Health Services | Total | Management and General | Fundraising | |
| Bank Fees | \$ - | \$ - | \$ 260 | \$ - | \$ 260 |
| Accounting Fees | - | - | 13,394 | - | 13,394 |
| Contract services | - | - | 2,490 | - | 2,490 |
| Charitable Organization Donations | <u>56,592</u> | <u>56,592</u> | <u>-</u> | <u>-</u> | <u>56,592</u> |
| Total Expenses Included in the Functional Categories on the Statement of Activities | <u>\$ 56,592</u> | <u>\$ 56,592</u> | <u>\$ 16,144</u> | <u>\$ -</u> | <u>\$ 72,736</u> |

The accompanying notes to the financial statements are an integral part of this statement.

HOPE THROUGH HEALTH FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|--|------------------|------------------|
| Cash Flows from Operating Activities: | | |
| Change in Net Assets | \$ 461,388 | \$ 1,185,774 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities: | | |
| (Gain) Loss on Investments | (137,604) | (123,331) |
| (AIncrease) Decrease in Assets: | | |
| Accounts Receivable | 307,749 | (845,120) |
| Pledges Receivable | - | (4,000) |
| Net Cash Provided by (Used in) Operating Activities | <u>631,533</u> | <u>213,323</u> |
| Cash Flows from Investing Activities: | | |
| Sale of Investments | - | - |
| (Purchase) of Investments | <u>(605,025)</u> | <u>(243,866)</u> |
| Net Cash Provided by (Used in) Investing Activities | <u>(605,025)</u> | <u>(243,866)</u> |
| Net Increase (Decrease) in Cash | 26,508 | (30,543) |
| Cash & Cash Equivalents: | | |
| Beginning of Year | <u>65,588</u> | <u>96,131</u> |
| End of Year | <u>\$ 92,096</u> | <u>\$ 65,588</u> |

The accompanying notes to the financial statements are an integral part of this statement.

HOPE THROUGH HEALTH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 - ORGANIZATIONAL STRUCTURE AND PURPOSE

Hope Through Health Foundation (the Foundation) is a not-for-profit organization that partners with underserved communities to make measurable and sustainable improvements in their health and well being. The Foundation was established January 2020.

A portion of the Foundation's activities is conducted through Latin American, the Caribbean, and Africa not-for-profit institutions. These institutions are legally separate entities working cooperatively to promote health programs. For financial reporting purposes, these institutions are not combined with Hope Through Health Foundation's financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Hope Through Health Foundation is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Revenue Recognition

The Foundation presents its financial statements using the accrual basis of accounting, recognizing revenue when earned and expenses when incurred. Program service fees, grants, and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Investments

The Foundation has adopted *Accounting for Certain Investments held by Not-for-Profit Organizations*. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Investment income and gains restricted by a donor are reported as increases in Without donor restriction net assets if the restrictions are met (either by passage of time or by use) within the reporting period in which the income and gains are recognized. Donated investments are reflected at market value at the time of investment and revalued to market value as the market value changes.

Income Taxes

Hope Through Health Foundation is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code (IRC). Therefore, no provision for income taxes is made in the accompanying financial statements. In addition, the Internal Revenue Service has determined that the Foundation is not a "private foundation" within the meaning of §509(a) of the IRC. There was no unrelated business income during the fiscal year. The Foundation files federal Form 990, *Return of Organization Exempt from Income Tax*, on a calendar year basis.

HOPE THROUGH HEALTH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

January 2020, the Foundation adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Foundation has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Foundation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Foundation's financial condition, results of operations or cash flows. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for income tax positions at December 31, 2024.

The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The Foundation's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

Statement of Cash Flows and Cash and Cash Equivalents

The Foundation presents its cash flow statements using the indirect method. For purposes of cash flow presentation, the Foundation considers currency on hand, demand deposits with financial institutions, and all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature are excluded from this definition.

Contributions Receivable

The Foundation considers contributions receivable to be fully collectible at December 31, 2024; therefore, no allowance for doubtful accounts is required. All are receivables payable in the next fiscal year. Therefore no discount has been established.

Estimates

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

Functional Expenses

The Foundation allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases. Statistical bases include square footage and estimates of time and effort. Allocation bases include square-footage and estimates of time and effort.

HOPE THROUGH HEALTH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interpretation of Relevant Law

The Board of Directors of the Foundation have interpreted the 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 With donor restrictions (Contributions in Perpetuity) endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as With donor restrictions (Contributions in Perpetuity) net assets (a) the original value of the gifts donated to the With donor restrictions (Contributions in Perpetuity) endowment, (b) the original value of subsequent gifts to the With donor restrictions (Contributions in Perpetuity) endowment, and (c) accumulations to the With donor restriction (Contributions in Perpetuity) endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Investment income derived from endowments, not otherwise restricted by donor stipulations, is considered with donor restriction initially until appropriated by the Board of Directors.

NOTE 3 - FINANCIAL STATEMENT PRESENTATION AND NET ASSETS

The Foundation employs Financial Statements of Not-for-Profit Entities. The Foundation presents a statement of cash flows. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows; Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTE 4 - CONTRIBUTIONS

The Foundation employs *Accounting for Contributions Received and Contributions Made*. In accordance with *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as Without Donor Restrictions support or With Donor Restrictions support depending on the existence or nature of any donor restrictions. During the years ended December 31, 2024 and 2023 there were With Donor Restriction donations of \$337,836 and \$1,086,108, respectively.

HOPE THROUGH HEALTH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 5 - INVESTMENTS

Investments are presented in the financial statements at fair market value. Investments earned \$71,166 in dividends, interest net of (losses) during the year ended December 31, 2024. Investments experienced a \$137,604 increase in market value during the reporting period. Investments within the account at December 31, 2024 and 2023 are summarized below.

| <u>Year Ended December 31, 2024</u> | | | |
|-------------------------------------|---------------------|---------------------|----------------------------|
| | Cost | Market | Unrealized Appreciation |
| Vanguard | \$ 2,285,157 | \$ 2,551,058 | \$ 265,901 |
| Total Investments | <u>\$ 2,285,157</u> | <u>\$ 2,551,058</u> | <u>\$ 265,901</u> |

The composition of endowments for the year ended December 31, 2024 are as follows:

| | Without Donor Restrictions | With Donor Restrictions (Contributions in Perpetuity) | TOTAL |
|------------------------------|-------------------------------|--|---------------------|
| | | | |
| Balance at December 31, 2023 | \$ 173,620 | \$ 2,557,985 | \$ 2,731,605 |
| Contributions | - | 337,836 | 337,836 |
| Investment Income | 71,166 | - | 71,166 |
| Program Expenditures | (85,218) | - | (85,218) |
| Gains/ (Losses) | 137,604 | - | 137,604 |
| Balance at December 31, 2024 | <u>\$ 297,172</u> | <u>\$ -</u> | <u>\$ 3,192,993</u> |

| <u>Year Ended December 31, 2023</u> | | | |
|-------------------------------------|---------------------|---------------------|----------------------------|
| | Cost | Market | Unrealized Appreciation |
| Vanguard | \$ 1,538,943 | \$ 1,808,429 | \$ 269,486 |
| Total Investments | <u>\$ 1,538,943</u> | <u>\$ 1,808,429</u> | <u>\$ 269,486</u> |

The composition of endowments for the year ended December 31, 2023 are as follows:

| | Without Donor Restrictions | With Donor Restrictions (Contributions in Perpetuity) | TOTAL |
|------------------------------|-------------------------------|--|---------------------|
| | | | |
| Balance at December 31, 2022 | \$ 73,954 | \$ 1,471,877 | \$ 1,545,831 |
| Contributions | - | 1,086,108 | 1,086,108 |
| Investment Income | 49,071 | - | 49,071 |
| Program Expenditures | (72,736) | - | (72,736) |
| Gains/ (Losses) | 123,331 | - | 123,331 |
| Balance at December 31, 2023 | <u>\$ 173,620</u> | <u>\$ -</u> | <u>\$ 2,557,985</u> |
| | | | <u>\$ 2,731,605</u> |

HOPE THROUGH HEALTH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 6 - FAIR VALUE MEASUREMENTS

The Foundation follows the Financial Accounting Standards Board ASC 820, *Fair Value Measurements* ("FASB ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). ASC 820 includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible to the organization at the measurement date for identical assets and liabilities.

Level 2 - Inputs other than quoted market prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets and liabilities that are not active; (3) observable inputs other than quoted prices that are used in the valuation of assets or liabilities (e.g. interest rate and yield curve quotes at commonly quoted intervals); (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Unobservable inputs for the assets or liabilities (i.e. supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

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

The following is a description of the valuation methodologies used for assets held by the Foundation measured at fair value:

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. The funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

U.S. government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

HOPE THROUGH HEALTH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 6 - FAIR VALUE MEASUREMENTS (CONTINUED)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2024:

| <u>Recurring Fair Value Measurements:</u> | Level 1 | Level 2 | Level 3 | Total |
|---|--------------|---------|---------|--------------|
| Money Market Securities | \$ 29,708 | \$ - | \$ - | \$ 29,708 |
| Mutual Funds Composition: | | | | |
| Equities | 1,360,661 | - | - | 1,360,661 |
| Fixed Income | 1,160,690 | - | - | 1,160,690 |
| Total Mutual Funds | 2,521,351 | - | - | 2,521,351 |
| Alternative Investments | - | - | - | - |
| Total Recurring Fair Value | \$ 2,551,059 | \$ - | \$ - | \$ 2,551,059 |

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2023:

| <u>Recurring Fair Value Measurements:</u> | Level 1 | Level 2 | Level 3 | Total |
|---|--------------|---------|---------|--------------|
| Money Market Securities | \$ 211,302 | \$ - | \$ - | \$ 211,302 |
| Mutual Funds Composition: | | | | |
| Equities | 862,302 | - | - | 862,302 |
| Fixed Income | 734,825 | - | - | 734,825 |
| Total Mutual Funds | 1,597,127 | - | - | 1,597,127 |
| Alternative Investments | - | - | - | - |
| Total Recurring Fair Value | \$ 1,808,429 | \$ - | \$ - | \$ 1,808,429 |

HOPE THROUGH HEALTH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 7 - ENDOWMENTS

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.

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

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

To satisfy its long-term rate-of-return objectives, the Foundation 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 Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to activities supported by its endowments while seeking to maintain the purchasing power of the endowment assets net of general operating expenses.

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 Foundation to retain as a fund of perpetual duration. There were no deficiencies of this nature to report as of December 31, 2024.

The Foundation has a policy of appropriating for distribution each year only interest, dividends and realized gains generated from endowment assets. Currently, market value gains are not distributed.

HOPE THROUGH HEALTH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

The Foundation receives gifts that are endowments. Undistributed investment income is included as a part of unrestricted assets. These amounts are available for distribution and use. Permanently restricted net assets at December 31, 2024 included the following:

| | With Donor Restrictions (Contributions in Perpetuity) | Undistributed Interest and Market Value Increase |
|-------------------------------|--|---|
| Endowments | | |
| (Contributions in Perpetuity) | | |
| Net Assets | <u>\$ 2,895,821</u> | <u>\$ 297,172</u> |

With Donor Restrictions (Accumulated Investment Gains) net assets are increased by \$137,604 in market value gains for endowment during the current year.

NOTE 9 - CREDIT CONCENTRATIONS, FINANCIAL INSTRUMENTS AND CREDIT RISK

Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk requires the Foundation to disclose significant concentrations of credit risk regardless of the degree of risk. At December 31, 2024, the Foundation maintained bank deposits in one bank located in Raleigh, North Carolina. Accounts at the bank are secured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2024, bank deposits totaled \$92,096, of which all was insured. The Foundation manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by us to be creditworthy. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates.

NOTE 10 - ECONOMIC DEPENDENCY

The Foundation receives support and contributions from individuals and businesses. Any significant change in funding from these sources could result in a material change in the Foundation's operations.

HOPE THROUGH HEALTH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 11- NET ASSETS WITH DONOR RESTRICTIONS

Subject to expenditure for specified purpose:

| | | |
|---------------------|----|----------|
| Foundation programs | \$ | - |
| | | <u>-</u> |

Endowments:

With Donor Restrictions (Contributions in
Perpetuity)

| | |
|--|------------------|
| With Donor Restrictions (Contributions in Perpetuity) | <u>2,895,821</u> |
| Total Endowments | <u>2,895,821</u> |

| | |
|--|---------------------|
| Total Net Assets With Donor Restrictions | \$ <u>2,895,821</u> |
|--|---------------------|

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2024.

Satisfaction of purpose restrictions

| | | |
|----------------------------------|----|----------|
| Program Expenditures | \$ | - |
| Total Released from Restrictions | \$ | <u>-</u> |

NOTE 12 - CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS FOR SPECIFIC PURPOSE

| | | |
|--|----|---|
| Beginning Net Assets With Donor Restrictions for Specific Purpose | \$ | - |
|--|----|---|

| | | |
|---|----|----------|
| Ending Net Assets With Donor Restrictions for Specific Purpose | \$ | <u>-</u> |
|---|----|----------|

HOPE THROUGH HEALTH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE 13 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

| | |
|-------------|-------------------|
| Cash | \$ 92,096 |
| Investments | 205,076 |
| Total | <u>\$ 297,172</u> |

The Foundation receives contributions Without Donor Restrictions which are immediately available for payment of general expenditures. The Foundation also receives contributions With Donor Restrictions which are used to pay expenditures for specific programs. It is the Foundation's policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 14 - SUBSEQUENT EVENTS

Management of the Foundation has evaluated subsequent events for disclosure and/or recognition through the date of the *Independent Auditor's Report*, which is the date the financial statements were available to be issued.