

**Ghanaian Mothers' Hope, Inc.  
Financial Statements and  
Independent Auditors' Report  
Year Ended September 30, 2017**

**Ghanaian Mothers' Hope, Inc.  
Financial Statements  
Year Ended September 30, 2017**

**Table of Contents**

	<u>Page</u>
<b>Independent Auditors' Report</b>	<b>1 - 2</b>
<b>Financial Statements</b>	
Statement of Financial Position	<b>3</b>
Statement of Activities	<b>4</b>
Statement of Functional Expenses	<b>5</b>
Statement of Cash Flows	<b>6</b>
Notes to the Financial Statements	<b>7 - 10</b>



# STURGILL & ASSOCIATES LLP

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditors' Report

Board of Directors  
Ghanaian Mothers' Hope, Inc.

We have audited the accompanying financial statements of Ghanaian Mothers' Hope, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, functional expenses and cash flows for the year 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 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 evaluating 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 financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ghanaian Mothers' Hope, Inc. as of September 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Sturgill & Associates LLP*

Westminster, Maryland

December 29, 2017

**Ghanaian Mothers' Hope, Inc.**  
**Statement of Financial Position**  
**September 30, 2017**

**Assets**

Current assets:

Cash	\$ 8,682
Inventory	<u>59,200</u>
Total current assets	<u>67,882</u>

Vehicle	18,626
Office equipment	2,458
Less: accumulated depreciation	<u>(16,382)</u>
	4,702

Organizational costs	575
Less: accumulated amortization	<u>(435)</u>
	140

Restricted cash	<u>7,939</u>
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Total assets	<u><u>\$ 80,663</u></u>
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**Liabilities and net assets**

Current liabilities:

Accounts payable	\$ 10,299
Funds held for others	<u>7,939</u>
Total current liabilities	<u>18,238</u>

Total liabilities	18,238
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Net assets:

Unrestricted	60,803
Temporarily restricted	1,622
Permanently restricted	<u>-</u>
Total net assets	<u>62,425</u>

Total liabilities and net assets	<u><u>\$ 80,663</u></u>
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See accompanying notes.

**Ghanaian Mothers' Hope, Inc.**  
**Statement of Activities**  
**Year Ended September 30, 2017**

**Unrestricted net assets**

**Support and revenue:**

Support

Contributions	\$ 29,006
Grants	1,000
Mission travel	11,364
Reading camp	3,819
Child sponsorship	4,848
Non-cash contributions	3,500
Total support	<u>53,537</u>
Interest income	76
Miscellaneous income	561
Total unrestricted support and revenue	<u>54,174</u>

Net assets released from restriction	<u>10,000</u>
Total support and revenue	<u>64,174</u>

**Expenses:**

Program	61,932
Management and general	12,340
Fundraising	9,129
Total expenses	<u>83,401</u>
Decrease in unrestricted net assets	<u>(19,227)</u>

**Temporarily restricted net assets**

Use restriction satisfied	<u>(10,000)</u>
Decrease in temporarily restricted net assets	<u>(10,000)</u>

<b>Decrease in net assets</b>	<b>(29,227)</b>
Net assets at beginning of year	<u>91,652</u>
Net assets at end of year	<u><u>\$ 62,425</u></u>

See accompanying notes.

**Ghanaian Mothers' Hope, Inc.  
Statement of Functional Expenses  
Year Ended September 30, 2017**

	<b>Management</b>			
	<b><u>Program</u></b>	<b><u>and general</u></b>	<b><u>Fundraising</u></b>	<b><u>Total</u></b>
Accounting	\$ -	\$ 2,260	\$ -	\$ 2,260
Amortization	-	38	-	38
Bank fees	-	807	662	1,469
Contract labor	4,500	5,038	-	9,538
Child sponsorships	4,898	-	-	4,898
Depreciation	3,725	492	-	4,217
Health program	14,066	-	-	14,066
Information technology	1,311	1,655	5,989	8,955
Marketing	-	6	308	314
Meetings	-	398	-	398
Mission trips	17,000	-	-	17,000
Postage	-	282	-	282
Public relations	857	-	857	1,714
Reading camp	15,125	-	-	15,125
Supplies	-	50	-	50
Taxes and fees	-	-	1,313	1,313
Telecommunications	-	1,314	-	1,314
Water mamas	450	-	-	450
<b>Total expenses</b>	<b>\$ 61,932</b>	<b>\$ 12,340</b>	<b>\$ 9,129</b>	<b>\$ 83,401</b>

See accompanying notes.

**Ghanaian Mothers' Hope, Inc.**  
**Statement of Cash Flows**  
**Year Ended September 30, 2017**

<b>Operating activities</b>	
Decrease in net assets	\$(29,227)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	4,256
(Increase) decrease in operating assets:	
Restricted cash	735
Accounts receivable	487
Pledge receivable	11,363
Increase (decrease) in operating liabilities:	
Accounts payable	9,064
Funds held for others	(735)
Net cash used in operating activities	<u>(4,057)</u>
<b>Investing activities</b>	-
<b>Financing activities</b>	<u>-</u>
Net decrease in cash	(4,057)
Cash - beginning of year	12,739
Cash - end of year	<u>\$ 8,682</u>

See accompanying notes.



**Ghanaian Mothers' Hope, Inc.**  
**Notes to the Financial Statements**  
**September 30, 2017**

**Note 1. Summary of Significant Accounting Policies**

**Organization**

Ghanaian Mothers' Hope, Inc. (GMH) is a nonprofit organization founded in 2005. GMH is dedicated to providing resources to promote health and educational enrichment programs to villages in Ghana, West Africa.

Health posts and programs – GMH builds health facilities and turns them over to Ghanaian medical and health staff. GMH also provides workshops and training for families and health care staff supporting disease prevention and medical care.

Educational enrichment programs – GMH aids in educating children in Ghana by building preschools and playgrounds, and through reading clinics and training.

**Basis of accounting**

GMH's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under that basis of accounting, revenues are recognized when earned and expenses are recognized in the period incurred.

**Basis of presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. GMH reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The financial statements are prepared using the U.S. dollar as the functional currency. No gain or loss has been recorded for fluctuations in the value of the Ghana currency relative to the U. S. dollar as all transactions are recorded using U. S. dollars.

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

**Ghanaian Mothers' Hope, Inc.**  
**Notes to the Financial Statements**  
**September 30, 2017**

**Note 1. Summary of Significant Accounting Policies – continued**

**Vehicles and equipment**

Vehicles and equipment are carried at cost if purchased and fair value if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, generally five years. Depreciation expense for the year ended September 30, 2017 was \$4,217.

**Organization costs**

Organization costs are being amortized using the straight-line method over a period of fifteen years. Amortization expense for the year ended September 30, 2017 was \$39.

**Donated supplies and contributed services**

Non-cash contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. If contributions are conditioned upon a future event they are recorded as temporarily restricted until the event occurs and then are released and reclassified as unrestricted.

GMH recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. GMH receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs and fund-raising campaigns but which do not meet the criteria for financial statement recognition.

**Expense allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Ghanaian Mothers' Hope, Inc.**  
**Notes to the Financial Statements**  
**September 30, 2017**

**Note 1. Summary of Significant Accounting Policies – continued**

**Restricted and unrestricted revenue**

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**Shipping costs**

GMH receives contributions of medical equipment, books, etc. that need to be shipped to Ghana. Shipping costs for these supplies are paid by GMH and recorded as program expenses in the period shipped. Certain supplies can be transported via suitcases when mission trips are taken, thus reducing shipping costs. No large shipments occurred during the year ended September 30, 2017.

**Income taxes**

GMH qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. However, income from certain activities not directly related to GMH's tax-exempt purpose would be subject to taxation as unrelated business income. In addition, GMH qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Generally accepted accounting principles prescribe rules for the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the organization's tax returns. The most significant tax positions of GMH are its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business tax. All significant tax positions have been considered by management. It has been determined that it is more likely than not that all tax positions would be sustained upon examination by taxing authorities. The organization's tax returns for the past three years are subject to examination by tax authorities.

**Ghanaian Mothers' Hope, Inc.**  
**Notes to the Financial Statements**  
**September 30, 2017**

**Note 2. Inventory**

Inventory, which consists primarily of school supplies and solar panels, are valued at the lower of cost or market, on a first-in first-out basis. Currently all supplies are donated and have been recorded at estimated fair value at date of donation.

**Note 3. Restricted Net Assets**

Temporarily restricted net assets consist of \$1,622 received for child sponsorships.

**Note 4. Concentrations**

For the year ended September 30, 2017 GMH's support was derived from approximately 92% through contributions, 2% from grants and 6% from non-cash contributions.

GMH's programs are performed 100% in Ghana by volunteers. Once facilities are constructed they are turned over to the Ghanaian people and are not recorded on GMH's Statement of Financial Position.

**Note 5. Program Expenses**

Program services provided by GMH during the fiscal year ended September 30, 2017 included a child sponsorship program to assist with food, shoes, medical needs and school fees, constructing nursing facilities, providing reading camps and assisting with clean water.

**Note 6. Funds Held for Others**

GMH entered into an agreement with JAMSBooks, LLC to act as a sponsor to provide administrative support for various projects entered into by JAMS. These projects include providing educational programs and materials to communities throughout the world, which is similar to GMH's mission. GMH does not provide any financial assistance for JAMS projects.

**Note 7. Subsequent Events**

GMH has evaluated subsequent events through December 29, 2017, the date which the financial statements were available to be issued.