

COMPASSIONATE HOPE FOUNDATION

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2025 AND 2024

COMPASSIONATE HOPE FOUNDATION

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December 31, 2025 and 2024

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Independent Auditor's Report

To the Board of Directors
Compassionate Hope Foundation
Antioch, Tennessee

Opinion

We have audited the accompanying financial statements of Compassionate Hope Foundation (the Organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2025 and 2024, and the changes in its net assets and 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Organization'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 report continued on next page)

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 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 the Organization'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 the Organization'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 audits.



Puryear & Noonan, CPAs
Nashville, Tennessee
April 15, 2026

Compassionate Hope Foundation
Statements of Financial Position
December 31, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Assets</u>			
Current Assets			
Cash	\$ 262,156	\$ 1,721,781	\$ 1,983,937
Investments	<u>-</u>	<u>1,812,153</u>	<u>1,812,153</u>
Total Current Assets	262,156	3,533,934	3,796,090
Property and equipment, net	4,880	-	4,880
Endowment investments	<u>-</u>	<u>103,476</u>	<u>103,476</u>
Total Assets	<u>\$ 267,036</u>	<u>\$ 3,637,410</u>	<u>\$ 3,904,446</u>
<u>Liabilities and Net Assets</u>			
Current Liabilities			
Accounts payable	\$ <u>20,787</u>	\$ <u>-</u>	\$ <u>20,787</u>
Total Current Liabilities	<u>20,787</u>	<u>-</u>	<u>20,787</u>
Net Assets			
Without donor restrictions	246,249	-	246,249
With donor restrictions	<u>-</u>	<u>3,637,410</u>	<u>3,637,410</u>
Total Net Assets	<u>246,249</u>	<u>3,637,410</u>	<u>3,883,659</u>
Total Liabilities and Net Assets	<u>\$ 267,036</u>	<u>\$ 3,637,410</u>	<u>\$ 3,904,446</u>

See independent auditor's report and accompanying notes to financial statements.

Compassionate Hope Foundation
Statements of Financial Position (Continued)
December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Assets</u>			
Current Assets			
Cash	\$ 102,552	\$ 1,760,879	\$ 1,863,431
Investments	-	1,077,587	1,077,587
Certificates of deposit	<u>103,186</u>	<u>-</u>	<u>103,186</u>
Total Current Assets	205,738	2,838,466	3,044,204
Property and equipment, net	3,178	-	3,178
Endowment investments	<u>-</u>	<u>73,198</u>	<u>73,198</u>
Total Assets	<u>\$ 208,916</u>	<u>\$ 2,911,664</u>	<u>\$ 3,120,580</u>
<u>Liabilities and Net Assets</u>			
Current Liabilities			
Accounts payable	<u>\$ 24,907</u>	<u>\$ -</u>	<u>\$ 24,907</u>
Total Current Liabilities	<u>24,907</u>	<u>-</u>	<u>24,907</u>
Net Assets			
Without donor restrictions	184,009	-	184,009
With donor restrictions	<u>-</u>	<u>2,911,664</u>	<u>2,911,664</u>
Total Net Assets	<u>184,009</u>	<u>2,911,664</u>	<u>3,095,673</u>
Total Liabilities and Net Assets	<u>\$ 208,916</u>	<u>\$ 2,911,664</u>	<u>\$ 3,120,580</u>

See independent auditor's report and accompanying notes to financial statements.

Compassionate Hope Foundation
Statements of Activities and Changes in Net Assets
For the Year Ended December 31, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenue			
Contributions	\$ 785,655	\$ 4,906,263	\$ 5,691,918
Other income	24,551	-	24,551
Investment gain	91,264	11,178	102,442
Transfers	(341,394)	341,394	-
Net assets released from restrictions	<u>4,533,089</u>	<u>(4,533,089)</u>	<u>-</u>
Total Public Support and Revenue	<u>5,093,165</u>	<u>725,746</u>	<u>5,818,911</u>
Expenses			
Program Services			
Missions	4,617,673	-	4,617,673
Supporting Services			
Management and general	411,358	-	411,358
Fundraising	<u>1,894</u>	<u>-</u>	<u>1,894</u>
Total Expenses	<u>5,030,925</u>	<u>-</u>	<u>5,030,925</u>
Change in Net Assets	62,240	725,746	787,986
Net Assets - Beginning of Year	<u>184,009</u>	<u>2,911,664</u>	<u>3,095,673</u>
Net Assets - End of Year	<u>\$ 246,249</u>	<u>\$ 3,637,410</u>	<u>\$ 3,883,659</u>

See independent auditor's report and accompanying notes to financial statements.

Compassionate Hope Foundation
Statements of Activities and Changes in Net Assets (Continued)
For the Year Ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenue			
Contributions	\$ 566,475	\$ 4,324,056	\$ 4,890,531
Other income	28,763	-	28,763
Investment gain	41,377	-	41,377
Transfers	(307,557)	307,557	-
Net assets released from restrictions	<u>3,680,188</u>	<u>(3,680,188)</u>	<u>-</u>
Total Public Support and Revenue	<u>4,009,246</u>	<u>951,425</u>	<u>4,960,671</u>
Expenses			
Program Services			
Missions	3,760,401	-	3,760,401
Supporting Services			
Management and general	236,269	-	236,269
Fundraising	<u>2,428</u>	<u>-</u>	<u>2,428</u>
Total Expenses	<u>3,999,098</u>	<u>-</u>	<u>3,999,098</u>
Change in Net Assets	10,148	951,425	961,573
Net Assets - Beginning of Year	<u>173,861</u>	<u>1,960,239</u>	<u>2,134,100</u>
Net Assets - End of Year	<u>\$ 184,009</u>	<u>\$ 2,911,664</u>	<u>\$ 3,095,673</u>

See independent auditor's report and accompanying notes to financial statements.

Compassionate Hope Foundation
Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 787,986	\$ 961,573
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	1,798	2,388
Unrealized gain on investments	(69,676)	(18,534)
Net realized gain on investments	(1,891)	-
Increase (Decrease) in Operating Liabilities		
Accounts payable	<u>(4,120)</u>	<u>20,353</u>
Net Cash Provided by Operating Activities	<u>714,097</u>	<u>965,780</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(3,500)	-
Purchases of investments, net	(693,277)	(161,879)
Purchase of certificates of deposit	-	(103,186)
Proceeds from maturity of certificates of deposit	<u>103,186</u>	<u>-</u>
Net Cash Used for Investing Activities	<u>(593,591)</u>	<u>(265,065)</u>
Increase in Cash	120,506	700,715
Cash - Beginning of Year	<u>1,863,431</u>	<u>1,162,716</u>
Cash - End of Year	<u>\$ 1,983,937</u>	<u>\$ 1,863,431</u>

Non-cash transaction:

During the year ended December 31, 2025, the Organization retired assets with a cost and accumulated depreciation of \$3,537.

See independent auditor's report and accompanying notes to financial statements.

**Compassionate Hope Foundation
Statements of Functional Expenses
For the Year Ended December 31, 2025**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Advertising and promotion	\$ -	\$ 223,981	\$ -	\$ 223,981
Contributions to others	3,607,566	-	-	3,607,566
Depreciation	-	1,798	-	1,798
Professional services	-	47,328	-	47,328
Staff support	1,010,107	-	-	1,010,107
Other	-	138,251	-	138,251
Fundraising	-	-	1,894	1,894
Total Expenses	\$ 4,617,673	\$ 411,358	\$ 1,894	\$ 5,030,925
Percent of Total Expenses	<u>92%</u>	<u>8%</u>	<u>- %</u>	<u>100%</u>

See independent auditor's report and accompanying notes to financial statements.

Compassionate Hope Foundation
Statements of Functional Expenses (Continued)
For the Year Ended December 31, 2024

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Advertising and promotion	\$ -	\$ 132,307	\$ -	\$ 132,307
Contributions to others	2,866,132	-	-	2,866,132
Depreciation	-	2,388	-	2,388
Professional services	-	32,970	-	32,970
Staff support	894,056	-	-	894,056
Other	213	68,604	-	68,817
Fundraising	-	-	2,428	2,428
Total Expenses	\$ <u>3,760,401</u>	\$ <u>236,269</u>	\$ <u>2,428</u>	\$ <u>3,999,098</u>
Percent of Total Expenses	<u>94%</u>	<u>6%</u>	<u>- %</u>	<u>100%</u>

See independent auditor's report and accompanying notes to financial statements.

Compassionate Hope Foundation
Notes to Financial Statements
December 31, 2025 and 2024

Note 1 - Summary of Significant Accounting Policies

Organization and Purpose

Compassionate Hope Foundation (the Organization) is a Tennessee nonprofit organization located in Antioch, Tennessee. The Organization provides Christian aid and supports overseas missions operating primarily in Cambodia, Laos, the Philippines, and Thailand.

Basis of Accounting

The accompanying financial statements of the Organization are prepared using the accrual basis of accounting, under which revenues are recognized when earned rather than when collected and expenses are recognized when incurred rather than when disbursed.

Financial Statement Presentation

The accompanying financial statements of the Organization report its financial information according to the following net asset classifications:

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. Net assets without donor restrictions may be designated for specific purposes by discretion of the Board of Directors (the Board).

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities and Changes in Net Assets.

Measure of Operations

The Statements of Activities and Changes in Net Assets report changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from donor-restricted contributions, net assets released for capital expenditure, and other activities considered to be of a more unusual or non-recurring nature. There were no non-operating activities for the years ended December 31, 2025 and 2024.

Program and Supporting Services - Functional Expenses

The following program and supporting services are included in the accompanying financial statements on the Statements of Functional Expenses.

Program Services - include activities carried out to fulfill the Organization's mission of providing Christian aid and support to victims and potential victims of human trafficking and religious persecution in Southeast Asia.

Supporting Services - Management and General - relates to the overall direction of the Organization. These expenses are not identifiable with a particular program, event or fundraising, but are indispensable to the conduct of those activities and are essential to the Organization. Specific activities include organizational oversight, business management, accounting, budgeting, financing, and other administrative activities.

Supporting Services - Fundraising - includes cost of activities directed toward appeals for financial support and the cost of solicitations and creation and distribution of fundraising materials.

Classification of Expenses

Expenses are classified functionally as a measure of service efforts and accomplishments. Direct expenses, incurred for a single function, are allocated entirely to that function. Joint expenses, applicable to more than one function, are allocated on the basis of objectively summarized information or management estimates.

Use of Estimates

Management of the Organization has made a number of estimates and assumptions relating to the reporting of assets and liabilities and disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Actual results could differ from these estimates.

Cash Equivalents

For the purpose of the Statements of Financial Position and the Statements of Cash Flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2025 and 2024.

Fair Value Measurements

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10, *Fair Value Measurements*, with respect to its financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP established a fair value hierarchy that prioritized investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are as follows:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 – Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

U.S. GAAP requires disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, investments, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Investment Valuation

Investments in money funds, mutual funds, and marketable equity securities with readily determinable fair values are measured on a recurring basis at their fair values in the Statements of Financial Position (Level 1). The Organization also holds investments in fixed income structured products valued using observable market inputs, including yield curves, credit spreads, and dealer quotations (Level 2). Unrealized gains and losses are included in the Statements of Activities and Changes in Net Assets.

Promises to Give

Promises to give are unconditional promises to give that are recognized as contributions when the promise is received. Promises to give that are expected to be collected in less than one year are reported at net realizable value and included in current assets. For multi-year promises to give, the amounts promised in subsequent years are discounted and included in other assets. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed. There were no outstanding promises to give as of December 31, 2025 and 2024.

Property and Equipment

Property and equipment are stated at cost or, if donated, at their estimated market value at the date of gift, less accumulated depreciation. Depreciation is provided over the assets' estimated useful lives using the straight-line method. Property and equipment are depreciated over five to seven years.

Expenditures for maintenance and repairs and items less than \$1,500 are expensed when incurred. Expenditures for renewals or betterments are capitalized. When property is retired or sold, the cost and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in other income on the Statements of Activities and Changes in Net Assets.

In accordance with FASB ASC 360-10, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Organization reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends, and prospects, as well as the effects of obsolescence, demand,

competition, and other economic factors. Based on this assessment, there was no impairment at December 31, 2025 or 2024.

Right-of-Use Assets and Liabilities

Right-of-Use (ROU) assets represent the right to use the underlying assets for the lease term and the lease liabilities represent the obligation to make lease payments arising from the leases. ROU assets and liabilities with terms greater than twelve months are recognized at commencement date based on the present value of future lease payments over the lease term, which includes only payments that are fixed and determinable at the time of commencement. When readily determinable, the Organization uses the interest rate implicit in a lease to determine the present value of future lease payments. For leases where the implicit rate is not readily determinable, the Organization's incremental borrowing rate is used. The Organization calculates its incremental borrowing rate on a periodic basis using a third-party financial model that estimates the rate of interest the Organization would have to pay to borrow an amount equal to the total lease payments on a collateralized basis over a term similar to the lease. The Organization applies its incremental borrowing rate using a portfolio approach. The ROU assets also include any lease payments made prior to commencement and are recorded net of any lease incentives received. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise such options. The Organization had no ROU assets or liabilities as of December 31, 2025 and 2024.

Revenue Recognition

Revenues are recognized when control of the promised goods or services is transferred to the customer in an amount that reflects consideration the Organization expects to be entitled to in exchange for transferring those goods or services.

Revenue is recognized based on the following five step model:

- Identification of the contract with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price
- Recognition of revenue when, or as, the Organization satisfies a performance obligation

The Organization's revenues primarily consist of contributions from individuals, foundations, and businesses.

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Income Taxes

The Organization is exempt from income taxes under the provisions of Internal Revenue Code Section (IRCS) 501(c)(3), and, accordingly, no provision for income taxes is included in the financial

statements.

The Organization follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, as it relates to uncertain tax positions. For all tax positions taken by the Organization, management believes it is clear that the likelihood is greater than 50% that the full amount of the tax position taken will be ultimately realized. Therefore, management believes that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns for the three most recent years filed, or expected to be taken in the Organization's current year tax return. The Organization identifies its major tax jurisdictions as the U.S. Federal and the State of Tennessee. However, the Organization is not currently under audit nor has the Organization been contacted by either of these jurisdictions. As of December 31, 2025 and 2024, the Organization has accrued no interest or penalties related to uncertain tax positions.

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred and costs of \$223,981 and \$132,307 were expensed during 2025 and 2024, respectively.

Reclassifications

Certain reclassifications have been made to the 2024 financial statements in order for them to conform to the 2025 presentation. These reclassifications have no effect on net assets or changes in net assets as previously reported.

Revision

Certain of the December 31, 2024 balances included in the leveling table under, Note 4 - Investments, have been revised to correct the classification of certain investment assets to reflect the nature of the observable inputs used in determining fair value in accordance with ASC 820-10, *Fair Value Measurements*. The impact of the revision was to reclassify \$435,160 of fixed income funds from level 1 to level 2. The revision is not material to the financial statement disclosures, and the revision did not impact the Organization's Statements of Financial Position or Statements of Activities and Changes in Net Assets.

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred between January 1, 2026 and April 15, 2026, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Note 2 - Adoption of New Accounting Pronouncements

From time-to-time, new accounting pronouncements are issued by the FASB or other standards setting bodies that the Organization adopts as of the specified effective date. Unless otherwise discussed, management believes the impact of any other recently issued standards that are not yet effective are either not applicable at this time or will not have a material impact on the financial statements upon adoption.

Compassionate Hope Foundation
Notes to Financial Statements (Continued)

Note 3 - Availability and Liquidity

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statements of Financial Position date, are as follows:

	<u>2025</u>	<u>2024</u>
Cash	\$ 1,983,937	\$ 1,863,431
Investments	1,812,153	1,077,587
Certificates of deposit	<u>-</u>	<u>103,186</u>
Total financial assets available to be used within one year	3,796,090	3,044,204
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with purpose restrictions	<u>(3,637,410)</u>	<u>(2,911,664)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 158,680</u>	<u>\$ 132,540</u>

The Organization's goal is generally to maintain financial assets equal to 3 months of normal operating expenditures, which are, on average, approximately \$34,440 per month. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

Note 4 - Investments

Investments are stated at fair value and are summarized at December 31, 2025 and 2024 as follows:

	<u>2025</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities and options	\$ 32,073	\$ 32,073	\$ -	\$ -
Fixed income	828,800	-	828,800	-
Mutual funds	1,045,859	1,045,859	-	-
Money market	<u>8,897</u>	<u>8,897</u>	<u>-</u>	<u>-</u>
Total financial assets	<u>\$ 1,915,629</u>	<u>\$ 1,086,829</u>	<u>\$ 828,800</u>	<u>\$ -</u>

Compassionate Hope Foundation
Notes to Financial Statements (Continued)

	<u>2024</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities and options	\$ 15,164	\$ 15,164	\$ -	\$ -
Fixed income	435,160	-	435,160	-
Mutual funds	683,613	683,613	-	-
Money market	<u>16,848</u>	<u>16,848</u>	-	-
Total financial assets	<u>\$ 1,150,785</u>	<u>\$ 715,625</u>	<u>\$ 435,160</u>	<u>\$ -</u>

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with various investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported on the financial statements.

At December 31, 2025 and 2024, the amounts invested, market value, and yields are summarized as follows:

	<u>2025</u>	<u>2024</u>
Market value	\$ 1,915,629	\$ 1,150,785
Carrying value - cost	<u>(1,820,823)</u>	<u>(1,125,654)</u>
Unrealized gain	<u>\$ 94,806</u>	<u>\$ 25,131</u>
Investment income	\$ 40,304	\$ 28,007
Net unrealized gain on investments	69,676	18,534
Net realized gain on sale of investments	1,891	-
Investment expenses	<u>(9,429)</u>	<u>(5,164)</u>
Investment gain, net	<u>\$ 102,442</u>	<u>\$ 41,377</u>

Note 5 - Property and Equipment

Property and equipment at December 31, 2025 and 2024, consists of the following:

	<u>2025</u>	<u>2024</u>
Computer equipment	\$ 13,080	\$ 13,118
Accumulated depreciation	<u>(8,200)</u>	<u>(9,940)</u>
	<u>\$ 4,880</u>	<u>\$ 3,178</u>

Depreciation expense related to property and equipment totaled \$1,798 and \$2,388 for the years ended December 31, 2025 and 2024, respectively.

Note 6 - Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2025 and 2024 are available for the following purposes or periods:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purposes:		
Book donations and sales	\$ -	\$ 10,284
Endowment appreciation	11,178	-
Compassionate Hope Tebow Village of Hope	-	543,770
Cambodia	484,508	-
Funding for Endowment	99,769	73,377
Kabin Buri	307,504	-
Nakhon Nayok	49,062	-
Laos	508,415	701,906
Philippines and other	1,238,731	890,330
Staff support	213,985	205,143
Thailand	<u>724,258</u>	<u>486,854</u>
Total	<u>\$ 3,637,410</u>	<u>\$ 2,911,664</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restriction specified by donors at December 31, 2025 and 2024 as follows:

	<u>2025</u>	<u>2024</u>
Cambodia	\$ 348,780	\$ -
Compassionate Hope Tebow Village of Hope	-	494,863
Kabin Buri	432,700	-
Nakhon Nayok	412,800	-
Laos	776,771	538,193
Other missions trips	54,107	71,922
Philippines and other	519,000	647,663
Staff support	1,010,108	894,056
Thailand	<u>978,823</u>	<u>1,033,491</u>
Total	<u>\$ 4,533,089</u>	<u>\$ 3,680,188</u>

Note 7 - Endowment Fund

The Organization's endowment fund is comprised of donor-restricted endowment funds. 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 endowment fund is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Organization appropriates such amounts for expenditure. Most of those net

assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board has interpreted UPMIFA as not requiring the maintenance of the purchasing power of the original gift amount that was contributed to an endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Board considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Board has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Board considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Spending Policy - The Board has no approved endowment spending policy. The principal amount of the endowment cannot be spent. Only the income generated from the investments can be used. The actual transfer of endowment income requires approval from the Organization's Finance Committee. Unless the donor has specified otherwise, it is the policy of the Board that endowment income must be put to use and not allowed to accumulate for long periods.

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or UPMIFA requires the endowment fund to retain as a fund of perpetual duration (underwater endowments). Deficiencies of this nature are reported in net assets with donor restrictions. As of December 31, 2025 and 2024, there were no such deficiencies. The Board has interpreted the UPMIFA and applicable state trust law to permit spending from underwater endowments in accordance with prudent measures required under law.

Endowment net assets consisted of the following at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
	<u>With Donor Restrictions</u>	<u>With Donor Restrictions</u>
Endowment funds	\$ <u>103,476</u>	\$ <u>73,198</u>
Total funds	\$ <u><u>103,476</u></u>	\$ <u><u>73,198</u></u>

Compassionate Hope Foundation
Notes to Financial Statements (Continued)

Changes in the endowment net assets for the years ended December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
	<u>With Donor Restrictions</u>	<u>With Donor Restrictions</u>
Endowment fund net assets, beginning of year	\$ 73,198	\$ -
Contributions	19,100	74,932
Net appreciation (depreciation)	<u>11,178</u>	<u>(1,734)</u>
Endowment fund net assets, December 31, 2025	<u>\$ 103,476</u>	<u>\$ 73,198</u>

Note 8 - Foreign Operations

Substantially all contributions to others for the years ended December 31, 2025 and 2024 made by the Organization were made to various causes located in Cambodia, Laos, the Philippines, and Thailand in support of the Organization's mission.

Note 9 - Credit Risk and Other Concentrations

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization maintains cash accounts at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to statutory limits. The standard FDIC insurance amount is limited to \$250,000 per depositor, per insured bank. Therefore, amounts in excess of this \$250,000 held by the Organization during the years ended December 31, 2025 and 2024 were uninsured and uncollateralized.

Investments are subject to market risk, the risk inherent in a fluctuating market. The broker/dealer that is the custodian of the Organization's securities is covered by the Securities Investor Protection Corporation (SIPC), which provides limited protection to investors. SIPC coverage is limited to specified investor-owned securities (notes, bonds, mutual funds, investment company securities, and registered securities) held by an insolvent SIPC member at the time a supervising trustee is appointed. The SIPC also protects against unauthorized trading in the Organization's security account. SIPC coverage is limited to \$500,000 per customer, including \$250,000 for cash that is on deposit as the result of a security transaction. The SIPC protection does not insure against market risk.

During 2025 and 2024, one donor contributed more than 10% of total revenue and other support.