

LIGHT UP HOPE, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2023

LIGHT UP HOPE

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Light Up Hope, Inc.

We have audited the accompanying financial statements of Light Up Hope, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 Light Up Hope, Inc. as of December 31, 2023, 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.

### **Basis for Opinion**

We conducted our audit 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 Light Up Hope, Inc. 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 these 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 Light Up Hope, Inc.'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 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 Light Up Hope, Inc.'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 Light Up Hope, Inc.'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.

MIDDLEMIST CROUCH & CO., CPAs, P.C.

*Middlemist Crouch & Co CPAs PC*

Boulder, Colorado

January 22, 2025

## FINANCIAL STATEMENTS

LIGHT UP HOPE, INC.  
Statements of Financial Position  
December 31, 2023

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ASSETS	
	<u>2023</u>
CURRENT ASSETS	
Cash and cash equivalents	<u>\$ 414,861</u>
Total Current Assets	<u>414,861</u>
TOTAL ASSETS	<u><u>\$ 414,861</u></u>
 LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Payroll liabilities	<u>\$ 5,685</u>
Total Current Liabilities	<u>5,685</u>
NET ASSETS	
Without donor restriction	143,276
With donor restriction	265,900
Total Net Assets	<u>409,176</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 414,861</u></u>

See accompanying notes to financial statements

LIGHT UP HOPE, INC.  
 Statements of Activities and Changes in Net Assets  
 For the year ended December 31, 2023

	2023		Total
	Without Donor Restriction	With Donor Restriction	
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 21,948	\$ 12,722	\$ 34,670
Grant revenue	15,000	2,380,092	2,395,092
Interest income	160	-	160
Net assets released from restriction	<u>2,332,753</u>	<u>(2,332,753)</u>	-
Total support and revenue	<u>2,369,861</u>	<u>60,061</u>	<u>2,429,922</u>
<b>EXPENSES</b>			
Program services	2,197,554	-	2,197,554
Management and general	85,542	-	85,542
Fundraising	32,962	-	32,962
Total expenses	<u>2,316,058</u>	<u>-</u>	<u>2,316,058</u>
CHANGE IN NET ASSETS	53,803	60,061	113,864
NET ASSETS--BEGINNING OF YEAR	<u>89,473</u>	<u>205,839</u>	<u>295,312</u>
NET ASSETS--END OF YEAR	<u>\$ 143,276</u>	<u>\$ 265,900</u>	<u>\$ 409,176</u>

See accompanying notes to financial statements

LIGHT UP HOPE, INC.  
 Statements of Functional Expenses  
 For the year ended December 31, 2023

	Program Services	Management and General	Fundraising	2023 Total Expenses
Salaries and wages	\$ 137,700	\$ 24,300	\$ -	\$ 162,000
Payroll taxes	19,848	3,502	-	23,350
Advertising and promotion	-	-	32,962	32,962
Office expense	-	9,625	-	9,625
Contract services	-	35,780	-	35,780
Rent	-	2,000	-	2,000
Travel	17,873	2,495	-	20,368
Grants	2,022,133	-	-	2,022,133
Other expense	-	7,840	-	7,840
Total expenses	<u>\$ 2,197,554</u>	<u>\$ 85,542</u>	<u>\$ 32,962</u>	<u>\$ 2,316,058</u>

See accompanying notes to financial statements

LIGHT UP HOPE, INC.  
Statement of Cash Flows  
For the year ended December 31, 2023

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	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 113,864
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in assets and liabilities	
Payroll liabilities	<u>(10,020)</u>
Net cash provided (used) by operating activities	<u>103,844</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Net cash (used) by investing activities	<u>-</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:	
Net cash (used) by financing activities	<u>-</u>
 NET INCREASE (DECREASE) IN CASH	103,844
 CASH-BEGINNING OF YEAR	<u>311,017</u>
 CASH-END OF YEAR	<u><u>\$ 414,861</u></u>

See accompanying notes to financial statements

**NOTE 1- ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

The Light Up Hope, Inc. (LUH) is a Colorado nonprofit organized under Section 501(c)(3) of the Internal Revenue Code. LUH was formed in 2017 to offer solutions and financial support for the continuum of emotional, spiritual, physical and educational care for orphans and impoverished persons in the Nation of Kenya.

***WOVEN***

This program is designed to provide access to higher education for students from low-income and underrepresented communities, as well as to provide the life skills and mental health counseling needed to succeed as they transition into the job market.

***Feeding Program:***

Students in our School Feeding Program receive a life altering change through the provision of school meals every day at school. This initiative gives the children in our program an opportunity to both learn, and be nourished, in a way they have never experienced in their lives.

***High School Program:***

Our high school sponsorship is comprised of high performing girls from the most under resourced backgrounds and additional special circumstance sponsorships for students who have a special need for sponsorship but are not high performing and/or are not female.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, LUH considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents

**Net Assets**

LUH reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions – these net assets generally result from revenues generated by receiving donations that have no donor restrictions and investment income from operating investments, less expenses incurred in providing program related services and performing administrative functions.

Net Assets with Donor Restrictions – these net assets result from donations that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

**Revenue and Revenue Recognition**

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

LIGHT UP HOPE, INC.  
Notes to Financial Statements  
December 31, 2023

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NOTE 1- ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

Contributions

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (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 statement of activities as net assets released from restrictions.

Income Taxes

LUH is exempt from Federal Income Taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2020.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Expenses that can be identified with a specific program or support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several programs or support services are allocated based on estimates made by management.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2- FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, contributions receivable, accounts payable, accrued expenses, notes payable and other liabilities approximate fair value due to the short-term nature of the items, and are considered to fall within Level 1 of the fair value hierarchy.

NOTE 3- ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2023, LUH had the following restricted net assets:

Purpose restrictions:	
High School program	\$ 69,083
Feeding program	111,108
WOVEN program	<u>85,709</u>
Total	<u>\$ 265,900</u>

LIGHT UP HOPE, INC.  
Notes to Financial Statements  
December 31, 2023

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**NOTE 4- LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

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. The following table reflects LUH's financial assets (cash and cash equivalents, contributions receivable and investments) as of December 31, 2023, reduced by amounts not available for general expenditures within one year:

Total financial assets	\$ 414,861
Less those unavailable for general expenditure within one year	<u>(5,685)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 409,176</u>

**NOTE 5 -SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 22, 2025, which is the date which the financial statements were available to be issued.