

OPERATION HOPE, INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
With Independent Auditor's Report Thereon

OPERATION HOPE, INC.
DECEMBER 31, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

To the Audit Committee of
Operation HOPE, Inc.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying financial statements of Operation HOPE, Inc. ("HOPE") (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of HOPE 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of HOPE 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 opinions.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 and *Government 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HOPE'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HOPE'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2025 on our consideration of HOPE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of HOPE's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HOPE's internal control over financial reporting and compliance.



Morrow, Georgia
April 8, 2025

OPERATION HOPE, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

ASSETS		
	2024	2023
Current assets		
Cash and cash equivalents	\$ 7,011,790	\$ 7,323,720
Investments	1,128,976	1,392,478
Grants receivable	325,738	546,272
Promises to give, net	19,981,871	20,573,365
Prepaid expenses	203,024	233,365
Total current assets	28,651,399	30,069,200
Promises to give – long-term	23,509,884	6,470,246
Property and equipment, net	2,773,811	3,530,288
Operating lease right-of-use asset	1,385,926	1,636,813
Deposits	25,044	25,044
Total assets	\$ 56,346,064	\$ 41,731,591
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,883,338	\$ 1,526,546
Accrued payroll and other compensation	2,577,793	2,191,548
Debt – short-term	853,110	949,870
Operating leases liability – short-term	264,602	241,064
Total current liabilities	5,578,843	4,909,028
Operating leases liability – long term	1,230,641	1,495,243
Debt – long-term	-	851,146
Total liabilities	6,809,484	7,255,417
Net (deficit) assets		
Without donor restrictions	(9,578,202)	(5,912,734)
With donor restrictions	59,114,782	40,388,908
Total net assets	49,536,580	34,476,174
Total liabilities and net assets	\$ 56,346,064	\$ 41,731,591

The accompanying notes are an integral part of these financial statements.

OPERATION HOPE, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support			
Contributions, grants, and sponsorships	\$ 4,316,101	\$ 50,798,415	\$ 55,114,516
In-kind contributions	5,186,393	-	5,186,393
Government revenue	1,894,449	27,500	1,921,949
Other	<u>475,035</u>	<u>-</u>	<u>475,035</u>
Revenue and support	11,871,978	50,825,915	62,697,893
Net assets released from restrictions	<u>32,100,041</u>	<u>(32,100,041)</u>	<u>-</u>
Total revenue and support	43,972,019	18,725,874	62,697,893
Expenses			
Program services	40,274,672	-	40,274,672
Supporting services			
General and administration	4,950,579	-	4,950,579
Fundraising	<u>2,412,236</u>	<u>-</u>	<u>2,412,236</u>
Total supporting services	7,362,815	-	7,362,815
Total expenses	<u>47,637,487</u>	<u>-</u>	<u>47,637,487</u>
Change in net assets	(3,665,468)	18,725,874	15,060,406
Net (deficit) assets at beginning of year	<u>(5,912,734)</u>	<u>40,388,908</u>	<u>34,476,174</u>
Net (deficit) assets at end of year	<u>\$ (9,578,202)</u>	<u>\$ 59,114,782</u>	<u>\$ 49,536,580</u>

The accompanying notes are an integral part of these financial statements.

OPERATION HOPE, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions, grants, and sponsorships	\$ 5,577,335	\$ 27,055,487	\$ 32,632,822
In-kind contributions	33,939,726	-	33,939,726
Government revenue	2,353,952	2,010,000	4,363,952
Other	703,500	-	703,500
Revenue and support	42,574,513	29,065,487	71,640,000
Net assets released from restrictions	26,024,058	(26,024,058)	-
Total revenue and support	68,598,571	3,041,429	71,640,000
Expenses			
Program services	65,542,968	-	65,542,968
Supporting services			
General and administration	5,407,597	-	5,407,597
Fundraising	2,783,666	-	2,783,666
Total supporting services	8,191,263	-	8,191,263
Total expenses	73,734,231	-	73,734,231
Change in net assets	(5,135,660)	3,041,429	(2,094,231)
Net (deficit) assets at beginning of year	(777,074)	37,347,479	36,570,405
Net (deficit) assets at end of year	\$ (5,912,734)	\$ 40,388,908	\$ 34,476,174

The accompanying notes are an integral part of these financial statements.

OPERATION HOPE, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program services	General and administration	Fundraising	Totals
Personnel	\$ 27,231,837	\$ 3,123,239	\$ 1,855,207	\$ 32,210,283
Contract and professional fees	1,849,740	547,173	49,313	2,446,226
Office	1,313,896	180,294	116,931	1,611,121
Conferences and events	1,387,633	-	-	1,387,633
Client assistance	1,189,228	-	-	1,189,228
Travel and entertainment	694,093	51,698	294,252	1,040,043
Occupancy	223,699	209,510	1,500	434,709
Advertising and promotions	265,975	104,815	14,023	384,813
Telecommunications	304,922	22,862	17,640	345,424
Insurance	<u>258,896</u>	<u>51,144</u>	<u>21,843</u>	<u>331,883</u>
Total expenses before bad debt, in-kind depreciation, and interest	34,719,919	4,290,735	2,370,709	41,381,363
In-kind goods and services	4,678,539	472,854	35,000	5,186,393
Depreciation	676,214	73,736	6,527	756,477
Bad debt	200,000	-	-	200,000
Interest	<u>-</u>	<u>113,254</u>	<u>-</u>	<u>113,254</u>
Total expenses	<u>\$ 40,274,672</u>	<u>\$ 4,950,579</u>	<u>\$ 2,412,236</u>	<u>\$ 47,637,487</u>

The accompanying notes are an integral part of these financial statements.

OPERATION HOPE, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program services	General and administration	Fundraising	Totals
Personnel	\$ 23,972,787	\$ 3,101,307	\$ 2,009,450	\$ 29,083,544
Contract and professional fees	2,116,055	1,345,961	212,252	3,674,268
Office	979,971	184,581	118,555	1,283,107
Conferences and events	1,100,508	-	-	1,100,508
Client assistance	1,186,313	-	-	1,186,313
Travel and entertainment	529,999	44,687	328,616	903,302
Occupancy	223,860	150,141	52,353	426,354
Advertising and promotions	219,144	96,017	13,000	328,161
Telecommunications	326,333	42,896	16,476	385,705
Insurance	238,509	48,501	21,440	308,450
Total expenses before bad debt, in-kind depreciation, and interest	30,893,479	5,014,091	2,772,142	38,679,712
In-kind goods and services	33,736,988	202,738	-	33,939,726
Depreciation	727,501	72,969	11,524	811,994
Bad debt	185,000	-	-	185,000
Interest	-	117,799	-	117,799
Total expenses	\$ 65,542,968	\$ 5,407,597	\$ 2,783,666	\$ 73,734,231

The accompanying notes are an integral part of these financial statements.

OPERATION HOPE, INC.
CONSOLIDATED 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	\$ 15,060,406	\$ (2,094,231)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	756,477	811,994
Amortization of operating lease right-of-use asset	250,887	239,442
Net appreciation on investments	(224,786)	(104,901)
Donated securities	(60,080)	-
Amortization of discount on promises to give	(238,973)	(183,251)
Provision for bad debt	(85,000)	(493,119)
Decrease (Increase) in operating assets		
Grants receivable	220,534	4,479,063
Promises to give, net	(16,124,171)	1,264,353
Prepaid expenses	30,341	(37,199)
Deposits	-	(425)
Increase (Decrease) in operating liabilities		
Accounts payable and accrued expenses	356,792	(919,183)
Accrued payroll and other compensation	386,245	442,597
Operating lease liabilities	<u>(241,064)</u>	<u>(207,487)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	87,608	3,197,653
NET CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	1,718,399	3,289,105
Purchase of property and equipment	-	(333,363)
Purchase of investments	<u>(1,170,031)</u>	<u>(2,528,765)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	548,368	426,977
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings under line of credit	2,750,000	1,550,000
Repayments under line of credit	(2,750,000)	(1,550,000)
Repayments of debt	<u>(947,906)</u>	<u>(901,355)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(947,906)</u>	<u>(901,355)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(311,930)	2,723,275
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEARS	<u>7,323,720</u>	<u>4,600,445</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEARS	<u>\$ 7,011,790</u>	<u>\$ 7,323,720</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 118,996</u>	<u>\$ 116,287</u>

The accompanying notes are an integral part of these financial statements.

OPERATION HOPE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. ORGANIZATION

Operation HOPE, Inc. (“HOPE”), headquartered in Atlanta, Georgia, is a nonprofit public benefit organization working to disrupt poverty and empower inclusion for low and moderate-income individuals throughout the U.S. HOPE was founded immediately following the civil unrest of April 29, 1992 in Los Angeles. Programs focus on financial literacy, credit counseling, small business technical assistance, home ownership and emergency financial counseling services for both youth and adults. HOPE’s support comes primarily from individual donors’ contributions, corporate and foundation gifts, and sponsorships for various program events.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Principles of consolidation

The financial statements consolidate the accounts of Operation HOPE, Inc., HOPE Advisors LLC, and Operation HOPE Properties LLC (hereafter, collectively referred to as HOPE). HOPE Advisors LLC, a wholly-owned subsidiary of Operation HOPE, Inc., was formed in 2007 to provide consulting services to organizations regarding joint ventures. Operation HOPE Properties LLC, a single member of Operation HOPE, was formed in August 2022 to own donated land and building assets. Any interorganizational accounts and transactions have been eliminated in the consolidation.

Basis of accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

HOPE classifies its net assets and revenues and expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of HOPE and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of HOPE’s management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Those restrictions will be met by actions of HOPE or by the passage of time.

Contributions received are recorded as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. When a 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 in the consolidated statement of activities as net assets released from restrictions.

OPERATION HOPE, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Cash and cash equivalents

HOPE considers cash on deposit, temporary investment, and all highly liquid financial instruments with original maturities of three months or less to be cash equivalents. For the years ended December 31, 2024 and 2023, HOPE had cash equivalents of \$19,182 and \$13,331, respectively.

Investments

Investments in equity and debt securities are reported at fair value with realized and unrealized gains and losses included in the consolidated statement of activities.

Federal grants and grants receivable

Federal grants are considered conditional contributions. The principal condition attached to these awards is that HOPE must incur costs in accordance with the Office of Management and Budget's uniform guidance before costs can be reimbursed. HOPE exercises judgment regarding what constitutes a reimbursable cost per compliance with federal regulations. Grants receivable represent amounts due from funding organizations for reimbursable expenses incurred. Cash received under grants and contracts in advance of incurring the related expenses is reported as deferred revenue.

Promises to give

Unconditional promises to give involve fair value measurement only upon initial recognition. Unconditional promises to give, which are expected to be received in future years, are recorded at the present value of their estimated future cash flows using discount rates approximating the rate of return on U.S. government securities with similar maturities. Amortization of the discount is included in contribution revenue. HOPE provides for an allowance for doubtful receivables based on donor reputation and past collection history.

Revenue recognition

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

Federal, state and local grants

A portion of HOPE's revenue is derived from cost-reimbursable federal, state and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when HOPE has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the consolidated statement of financial position. As of December 31, 2024 and 2023, HOPE did not have any deferred revenue on the consolidated statement of financial position.

OPERATION HOPE, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment

Property, leasehold improvements, and equipment are carried at cost if purchased, or if donated, at fair value on the date of donation. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$5,000 and the useful life is greater than one year. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets as follows:

Leasehold improvements	5 to 10 years (or lease term if shorter)
Furniture and fixtures	7 years
Computer and office equipment	3 to 5 years
Building	39 years

Renewals and betterments that materially extend the life of an assets are capitalized. Expenditures for maintenance and repairs are charged against operations. When property is sold, retired, or otherwise disposed of, the cost and the related accumulated depreciation and amortization are eliminated from the accounts and any resulting gains or loss is included in current operations.

Contributed goods and services

The value of significant donated goods and services and free use of long-lived assets and facilities is reflected as contributions in the accompanying consolidated financial statements at the estimated fair value of such goods and services at the date of contribution.

Contributed services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Functional allocation of expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of HOPE. Those expenses including personnel, contract and professional fees, office, travel and entertainment, advertising and promotions, occupancy, telecommunications, and insurance are allocated on the basis of estimates of time and effort.

Estimates in the financial statements

Management of HOPE makes estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the consolidated financial statements in conformity with GAAP. Actual results could differ from these estimates.

Income taxes

HOPE is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “IRC”) whereby only unrelated business income, as defined by Section 512(a)(1) of the IRC is subject to federal income tax. HOPE had no unrelated business income and no provision for income taxes had been made as of December 31, 2024 and 2023.

OPERATION HOPE, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

HOPE’s application of ASC 740 regarding uncertain tax positions had no effect on its financial position as management believes HOPE has no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit status. HOPE would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense. HOPE is no longer subject to examination by federal, state or local tax authorities for periods before 2021.

Subsequent events

HOPE has evaluated subsequent events through April 8, 2025, the date which the consolidated financial statements were available to be issued.

3. AVAILABILITY AND LIQUIDITY

HOPE monitors its financial resources to ensure that sufficient liquidity is available to meet its operating needs and financial obligations as they come due. The following table reflects HOPE’s financial assets as of December 31, 2024, along with adjustments to reflect amounts that are not available for general use within the next 12 months due to donor restrictions or other limitations.

Financial assets:	
Cash and cash equivalents	\$ 7,011,790
Investments	1,128,976
Grants receivable	325,738
ST promises to give, net	<u>19,981,871</u>
Financial assets, at year-end	28,448,375
Less amounts obligated and unavailable to be used within one year due to donor restrictions:	
Net assets with donor restrictions	<u>16,765,190</u>
Financial assets available to meet general expenditures over the next year	<u>\$ 11,683,185</u>

HOPE’s goal is generally to maintain financial assets to meet 6 months of operating expenses. As part of its liquidity plan, HOPE keeps a portion of cash reserves in a savings account. Additionally, to help manage unanticipated liquidity needs, HOPE has established a line of credit in the amount of \$3,000,000 (Note 9).

OPERATION HOPE, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

4. FAIR VALUE MEASUREMENT

HOPE has adopted the provisions of Accounting Standards Codifications 820 (“ASC 820”), Fair Value Measurements, for financial assets and liabilities. Under ASC 820, fair value is based on 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. In order to increase consistency and comparability in fair value measurements, ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest priority to lowest priority, are described as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Unobservable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Inputs are unobservable inputs for the asset that are supported by little or no market activity and that are significant to the fair value of the underlying asset.

HOPE’s investments are measured at fair value on a recurring basis in accordance with ASC 820 as of December 31, 2024 and 2023, and are deemed as Level 1.

5. INVESTMENTS

The fair value of investments as follows at December 31:

	2024	2023
Equity funds	\$ 700,465	\$ 543,731
Fixed Income	428,511	848,747
	\$ 1,128,976	\$ 1,392,478

6. PROMISES TO GIVE

Promises to give are estimated to be collected as follows at December 31:

	2024	2023
Within one year	\$ 20,006,871	\$ 20,683,365
Within two to five years	25,455,577	6,904,670
	45,462,448	27,588,035
Less allowance for uncollectible promises to give	(25,000)	(110,000)
Less discount to reflect contributions receivable at present value	(1,945,693)	(434,424)
	\$ 43,491,755	\$ 27,043,611

The effective interest rates used to discount the promises to give was 5% for years ended December 31, 2024 and 2023.

OPERATION HOPE, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2024	2023
Computers and software	\$ 4,663,020	\$ 4,682,539
Land	1,100,000	1,100,000
Leasehold improvements	994,290	994,290
Building	700,000	700,000
Furniture and fixtures	156,874	156,874
	7,614,184	7,633,703
Less accumulated depreciation	<u>(4,840,373)</u>	<u>(4,103,415)</u>
	<u>\$ 2,773,811</u>	<u>\$ 3,530,288</u>

Depreciation expense for the years ended December 31, 2024 and 2023, amounted to \$756,477 and \$811,994, respectively.

8. LEASING ARRANGEMENTS

In 2022, HOPE entered into a noncancelable operating lease agreement through September 2029. HOPE determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the consolidated statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, HOPE used their incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that HOPE will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following summarizes the line items in the balance sheets which include amounts for operating leases as of December 31, 2024:

Operating Leases	
Operating lease right-of-use-assets	\$ 1,129,805
Operating lease incentives	256,121
Total operating lease assets	<u>\$ 1,385,926</u>
Other current liabilities	\$ 264,602
Operating lease liabilities	1,230,641
Total operating lease liabilities	<u>\$ 1,495,243</u>

OPERATION HOPE, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

8. LEASING ARRANGEMENTS (Continued)

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2024:

Weighted Average Remaining Lease Term	
Operating leases	57 months
 Weighted Average Discount Rate	
Operating leases	5%

The maturities of operating lease liabilities as of December 31, 2024 are as follows:

Year Ending December 31:	
2025	\$ 332,023
2026	343,313
2027	354,993
2028	367,072
2029	<u>283,884</u>
Total lease payments	1,681,285
Less: present value discount	<u>(186,042)</u>
Present value of lease liabilities	<u>\$ 1,495,243</u>

Rent expense for the years ended December 31, 2024 and 2023, amounted to \$369,379 and \$364,859, respectively.

9. DEBT

Operation HOPE has a 7-year term loan with an original maturity date of June 1, 2026, and an annual interest rate of 5%. A monthly payment of \$84,803 is due through maturity. The outstanding loan balance was \$853,110 and \$1,801,106 for the years ended December 31, 2024 and 2023, respectively. During prior years, \$400,000 of additional principal payments were made, reducing the expected loan retirement date to November 1, 2025.

Total interest expense was \$113,254 and \$117,799 for the years ended December 31, 2024 and 2023, respectively.

Aggregate maturities of the loan are as follows:

<u>December 31,</u>	<u>Principal</u>
2025	\$ <u>853,110</u>
Total	\$ <u><u>853,110</u></u>

Operation HOPE secured a new line of credit in 2023 with a maximum borrowing capacity of \$3,000,000, which was renewed in 2024. The line of credit agreement allows for borrowings at variable interest rates based on the Term SOFR rate with the interest payable monthly. While the organization accessed funds during the fiscal year, the year-end balance was \$0.

OPERATION HOPE, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

10. CONCENTRATION OF CREDIT RISK

Concentration of Cash Balances

HOPE maintains its funds with a financial institution that insures cash balances up to \$250,000 as of December 31, 2024, through the Federal Deposit Insurance Corporation. HOPE maintains cash balances that may exceed insured limits as of December 31, 2024. As of December 31, 2024, HOPE held funds of \$5,877,416 that exceeded the insured limits. HOPE performs on-going evaluations of the financial institution to limit its concentration of credit risk exposure. HOPE has not experienced any losses in such accounts and management believes HOPE is not exposed to any significant credit risk related to cash.

Concentration of Grants Receivable

The financial instruments which potentially subject HOPE to credit risk are primarily grants receivable. The primary grants receivable balance outstanding at December 31, 2024 and 2023 consists of government contracts receivable due from other nonprofit, state and federal granting agencies. Concentration of credit risks with respect to these receivables is limited, as the majority of HOPE's receivables are from contract programs granted by governmental agencies.

Major Donors

For the years ended December 31, 2024 and 2023, HOPE received a significant portion of its contributions from a limited number of donors. In 2024, contributions from two donors accounted for approximately 24% of total contributions, while in-kind support from one donor represented approximately 18% of total in-kind support. In 2023, contributions from one donor accounted for approximately 10% of total contributions, while in-kind support from a single donor represented approximately 91% of total in-kind support.

Concentration of Promises to Give

As of December 31, 2024 and 2023, HOPE's promises to give were concentrated among a limited number of donors. As of December 31, 2024, two donors collectively represented approximately 51% of total receivables. In 2023, three donors collectively represented approximately 43% of total receivables.

11. CONTINGENCIES

Federal Grants

Certain federal grants which HOPE administers and for which it receives reimbursements are subject to audit and final acceptance by federal granting agencies. Current and prior year costs of such grants are subject to adjustment upon audit. The amount of expenditures that may be disallowed by the grantor, if any, cannot be determined at this time, although HOPE expects such amounts, if any, would not have a significant impact of the financial position of HOPE.

Litigation

In the normal course of business, HOPE may periodically be involved in litigation. Management believes that the outcome of such matters will not have a material adverse effect on HOPE's financial position or results of operations.

OPERATION HOPE, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

12. EMPLOYEE BENEFIT PLAN

HOPE has a 401k plan (the “Plan”) which covers substantially all employees except for those who are members of a collective bargaining unit and non-resident aliens. Eligible employees must have completed 90 days of service. Employees may elect to make salary deferrals subject to the annual contribution limitation set by Internal Revenue Code. HOPE makes matching contributions of 50% up to the first 6% of employees' salary deferrals. HOPE made contributions in the amounts of \$416,938 and \$340,253 to the Plan during the years ended December 31, 2024 and 2023, respectively. HOPE may also make additional discretionary contributions to the Plan on an annual basis.

13. RELATED PARTY TRANSACTIONS

The Promise Homes Company

The Promise Homes Company (TPHC) is an owner of single-family residential properties for working class and middle-class communities.

Operation HOPE received \$43,750 and \$0 in membership from TPHC in 2024 and 2023 respectively. As a member, TPHC provided their residents with access to Operation HOPE’s financial coaching services.

Operation HOPE received \$0 and \$2,700 in 2024 and 2023 respectively for rent and office expenses associated with two workspaces provided for TPHC.

Operation HOPE received \$13,813 and \$0 in 2024 and 2023 respectively for HOPE Inside Adult workshops and sessions as well as Youth programming to residents of TPHC.

The Founder, Chairman, and CEO of Operation HOPE stepped down as managing partner at TPHC but remains a shareholder. He receives compensation through distributions upon sale of assets.

Bryant Family Foundation

Operation HOPE received a pledge of \$12,500 from Bryant Family Foundation in 2022. The pledge was restricted to the Youth Program and was paid in full in 2024.

John and Chaitra Bryant

Operation HOPE received a multi-year pledge of \$2,500,000 from John and Chaitra Bryant in 2021 that is to be paid in 2029.

The pledge was restricted to \$1,250,000 directed to the benefit of employees, \$750,000 to form Operation HOPE’s endowment, \$200,000 for Operation HOPE’s One Million Black Businesses (1MBB) initiative, \$200,000 for Operation HOPE’s Financial Literacy For All (FL4A) initiative, and \$100,000 for capacity building.

Officer’s Spouse

Operation HOPE engaged in transactions with a company owned by Officer’s Spouse. These transactions were conducted at arm’s length and totaled \$36,640 during 2024. Payments reflect reimbursement of expenses and not compensation for services.

OPERATION HOPE, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

13. RELATED PARTY TRANSACTIONS (Continued)

Board Members

HOPE’s board members included representatives from banks where both the term loan and line of credit are held. Many of HOPE’s board members are representatives from banks where HOPE’s programs are offered. As part of the program, HOPE has donated office space at some bank locations. In addition, the banks make annual donations to HOPE programs.

Board Member Commitments

During the fiscal year ending 2024, certain members of the Board of Directors have committed multi-year financial pledges to support the organization’s mission. The total amount pledged was \$210,000 with \$70,000 pledged for future support. The pledged amounts are recognized as receivable in the financial statements, with a corresponding increase in net assets with donor restrictions.

14. DONATED FACILITIES, GOODS, AND SERVICES

HOPE received gifts-in-kind for the years ended December 31, 2024, and 2023:

	2024	2023
Professional Services	\$ 3,003,937	\$ 1,216,884
Office Space	1,942,487	1,686,449
E-Commerce Subscriptions	201,376	30,978,612
Goods	38,593	57,781
	\$ 5,186,393	\$ 33,939,726

HOPE’s gifts-in-kind policy is to utilize the assets given to carry out the mission of the Organization. If the asset does not allow HOPE to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or independent specialist depending on the type of asset.

HOPE requires the use of dedicated office space within partner organizations. The office spaces are provided at no cost to HOPE and valued at current market rates provided by partner organizations. HOPE received donated office space valued at \$1,942,487 and \$1,686,449 for the years ended December 31, 2024, and 2023, respectively.

HOPE received various legal, marketing, and other professional services to support HOPE’s mission and clients. Based on current market rates, services were valued at \$3,003,937 and \$1,216,884 for the years ended December 31, 2024, and 2023, respectively.

HOPE’s One Million Black Business (1MBB) participants receive a free four-month subscription trial to Shopify’s e-commerce platform. The retail value of these subscriptions totaled \$201,376 and \$30,978,612 for years ended December 31, 2024, and 2023, respectively.

OPERATION HOPE, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

14. DONATED FACILITIES, GOODS, AND SERVICES (Continued)

HOPE received donated goods with a fair market value of \$38,593 and \$57,781 for the years ended December 31, 2024, and 2023, respectively. The goods provided were utilized in support of HOPE Global Forums and other events organized by HOPE.

All gifts-in-kind received by HOPE for the years ended December 31, 2024, and 2023 were considered without donor restrictions and able to be used by HOPE as determined by the board of directors and management unless otherwise noted above.

15. NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to the passage of time	\$ 42,349,592	\$ 25,480,955
Subject to expenditures for specific purpose:		
Adult and youth programs	13,419,575	12,105,462
Operational support	3,262,282	2,698,019
Disaster programs	<u>83,333</u>	<u>104,472</u>
Sub-total purpose	<u>16,765,190</u>	<u>14,907,953</u>
Total net assets with donor restrictions	<u>\$ 59,114,782</u>	<u>\$ 40,388,908</u>

Net assets with donor restrictions released from restrictions were as follows for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to the passage of time	\$ 11,670,212	\$ 10,642,252
Satisfaction of purpose restrictions:		
Adult and youth programs	19,041,977	14,015,521
Operational support	1,241,713	1,175,757
Disaster programs	<u>146,139</u>	<u>190,528</u>
Sub-total purpose	<u>20,429,829</u>	<u>15,381,806</u>
Total net assets released from restrictions	<u>\$ 32,100,041</u>	<u>\$ 26,024,058</u>

16. RISKS AND UNCERTAINTIES

HOPE receives funding from various sources, including individual and corporate donations, sponsorships, and government grants. Federal grant funding represents approximately 2% of total revenues and is subject to annual budget appropriations by the U.S. government. While management does not anticipate significant changes to this funding, future federal budget decisions could impact the availability of such grants. However, due to the limited percentage of total revenue derived from federal grants, management does not expect any material effect on the Organization's financial position or operations.

SINGLE AUDIT SECTION

OPERATION HOPE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal ALN #</u>	<u>Passed through to Subrecipients</u>	<u>Revenue/ Expenditures</u>
U.S. Department of Commerce				
Economic Development - Cluster		11.307	\$ -	\$ 399,925
MBDA Business Center		11.805	-	331,927
Total U.S. Department of Commerce			-	731,852
U.S. Department of Agriculture				
Rural Business Development Grant		10.351	-	128,214
Total U.S. Department of Agriculture			-	128,214
U.S. Department of Housing and Urban Development				
Housing Counseling Assistance Program		14.169	-	427,784
Total U.S. Department of Housing and Urban Development			-	427,784
U.S. Department of the Treasury				
Low Income Taxpayer Clinics		21.008	-	200,000
Total U.S. Department of the Treasury			-	200,000
Small Business Administration				
Prime Technical Assistance		59.050	-	65,496
Total Small Business Administration			-	65,496
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 1,553,346

OPERATION HOPE, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2024

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of Operation HOPE, Inc. under programs of the federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized, as applicable, by following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Costs

Operation HOPE, Inc. used a negotiated indirect cost rate for awards prior to October 1, 2024. On October 1, 2024, the auditee elected to use the 15% de minimis indirect cost rate in accordance with 2 CFR 200.414.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Audit Committee of
Operation HOPE, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Operation HOPE, Inc. ("HOPE") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 8, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered HOPE's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of HOPE's internal control. Accordingly, we do not express an opinion on the effectiveness of HOPE's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether HOPE's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests

disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, appearing to read "Julian Skordakovic".

Morrow, Georgia
April 8, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Audit Committee of
Operation HOPE, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Operation HOPE, Inc.'s ("HOPE") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of HOPE's major federal programs for the year ended December 31, 2024. HOPE's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, HOPE complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of HOPE and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of HOPE's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to HOPE's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on HOPE's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about HOPE's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 HOPE's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of HOPE's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of HOPE's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Morrow, Georgia
April 8, 2025

OPERATION HOPE, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 DECEMBER 31, 2024

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: **Unmodified**

Internal control over financial reporting:

	Yes	No	None Reported
• Material weakness(es) identified?		X	
• Significant deficiencies identified that are not considered to be material weaknesses?			X
Noncompliance material to financial statements noted?		X	

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?		X	
• Significant deficiencies identified that are not considered to be material weaknesses?			X

Type of auditor’s report issued on compliance for Major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance?		X	
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OPERATION HOPE, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 DECEMBER 31, 2024

Identification of Major Programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
11.805 21.008	MBDA Business Center Low Income Taxpayer Clinics

Dollar threshold used to distinguish between type A and type B programs: \$750,000

	Yes	No
Auditee qualified as low-risk auditee?	X	

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.