

# Finding Hope

## Financial Analysis

A MINISTRY OF CAROLINA MISSION INTERNATIONAL

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## Financial Analysis

*We at Finding Hope have developed this financial analysis for the interested parties. We seek 100% transparency. If you require any more financial information or have any further inquiries please do not hesitate to ask. Thank you for taking the time to learn about our ministry and for your consideration in becoming ministry partners with us!*

## Introduction

Finding Hope Ministries is a faith based non-profit 501(c)(3) organization established in 2014. We are fully funded by charitable donations. Our staff is entirely volunteer-based and we do not receive a salary or support from donors. We work primarily in Romania and our ministry there is called Finding Hope. Finding Hope is a nondenominational Christian mission dedicated to helping the abandoned children of Romania achieve spiritual, economic, and physical well-being. Above all we seek to bring the light of Christ to these precious children!

## Our Mission

We currently operate one children's home and are working on opening another in September 2018. We house 12 orphan children in our current home and will put another 12 in the next home as soon as we get it up and running. We teach and show the children the love of God by providing them a family environment where they can thrive and grow up in the ways of the Lord. Our children's homes are staffed by loving, godly house parents. We do not use shift workers as many children's homes do. Instead, we operate our homes as family environments that consist of house parents who function as *de facto* parents for the children. We strive to make our homes as close to a normal nuclear family as possible, so as to give our children the best possible upbringing.

Our main objective is to share the love of God with these abandoned children. We want them to know Christ as their Lord and Savior and to live their lives for Him. Secondly, we want to reinforce individual self-worth and self-reliance. We want to see each of our children one day become self-sufficient, successful young adults who love and serve the Lord.

## Our Story

Our outreach began more than ten years ago in Sibiu, Romania with two individuals, Nathan and Anca Merrill. God has given Nathan and Anca a big heart for Romania's orphaned children. In fact, Anca herself is an orphan. She grew up during the communist era in Romania in a state-run orphanage. While at the orphanage, Anca fell in with some American missionaries who through their steadfast dedication and investment in her life, led her to the Lord.

Subsequently, after leaving the orphanage (in 1996 at 18 years old) she began to work for a Christian children's home that helped teenage orphan girls transition from the orphanage into society. Unfortunately, this home had to close its doors some years later. The orphan girls (most of whom by this time were 18+ years old) found themselves with no place to stay, no job, and in danger of being sexually exploited. In response to this urgent need, Anca and Nathan (a medical doctor from the US who also had a small business in Romania) came alongside these girls. They kept them from being sexually exploited, helped them find living accommodations/gainful employment, plugged them into the local church, and guided them spiritually.

Eventually, Nathan and Anca were married. Although they lived in the United States for some years after their marriage, they still continued to help the orphan girls. Four years ago, Nathan and Anca felt led by the Lord to return to Romania to devote themselves full-time to bringing the love of Christ to Romania's orphans.

Since returning to Romania their ministry has tackled multiple fronts. They work in the state-run orphanages, volunteering on a weekly basis to spend time and share God's love with these orphan children. In addition to their outreach in the orphanages, they also feed and spend time sharing God's love with the street children. These children live in the city sewers and are often preyed upon by sex-traffickers and for organ harvesters (their internal organs are removed and sold on the black market). They've also come alongside adult orphan girls (18+ years) and help them meet their basic needs: food, accommodation, and health care. They assist them in finding employment, a local church, and foster environments where they can connect spiritually and feel a sense of belonging. For example, Anca does *The Orphan Girl's Bible Study Group*. This is a weekly get-together where the older orphan girls study God's Word, eat, play games,

and encourage one another. They invest individually in each girl and take a great deal of time throughout the week to disciple, encourage, hold accountable, guide, and pray with each girl individually. They strive to help each one become self-reliant and most importantly, a mature follower of Christ. Currently, Nathan and Anca own an apartment for adult orphan girls. This is kind of a "*half-way house*" for these girls who are just coming out of the orphanage. They also subsidize rent for a number of other adult orphan girls.

About three years ago, Nathan and Anca felt led by the Lord to open a children's home for orphans, where they serve as the host parents. This home has been operating at capacity with 12 orphan children for a couple years now.

Just recently, Finding Hope Ministries (the 501(c)3 non-profit Nathan and Anca started) felt led of the Lord start a second children's home. We are currently laying the groundwork and gathering the funds for such. Many churches and individuals are responding, helping us through prayers and finances make this second children's home a reality.

# Financials

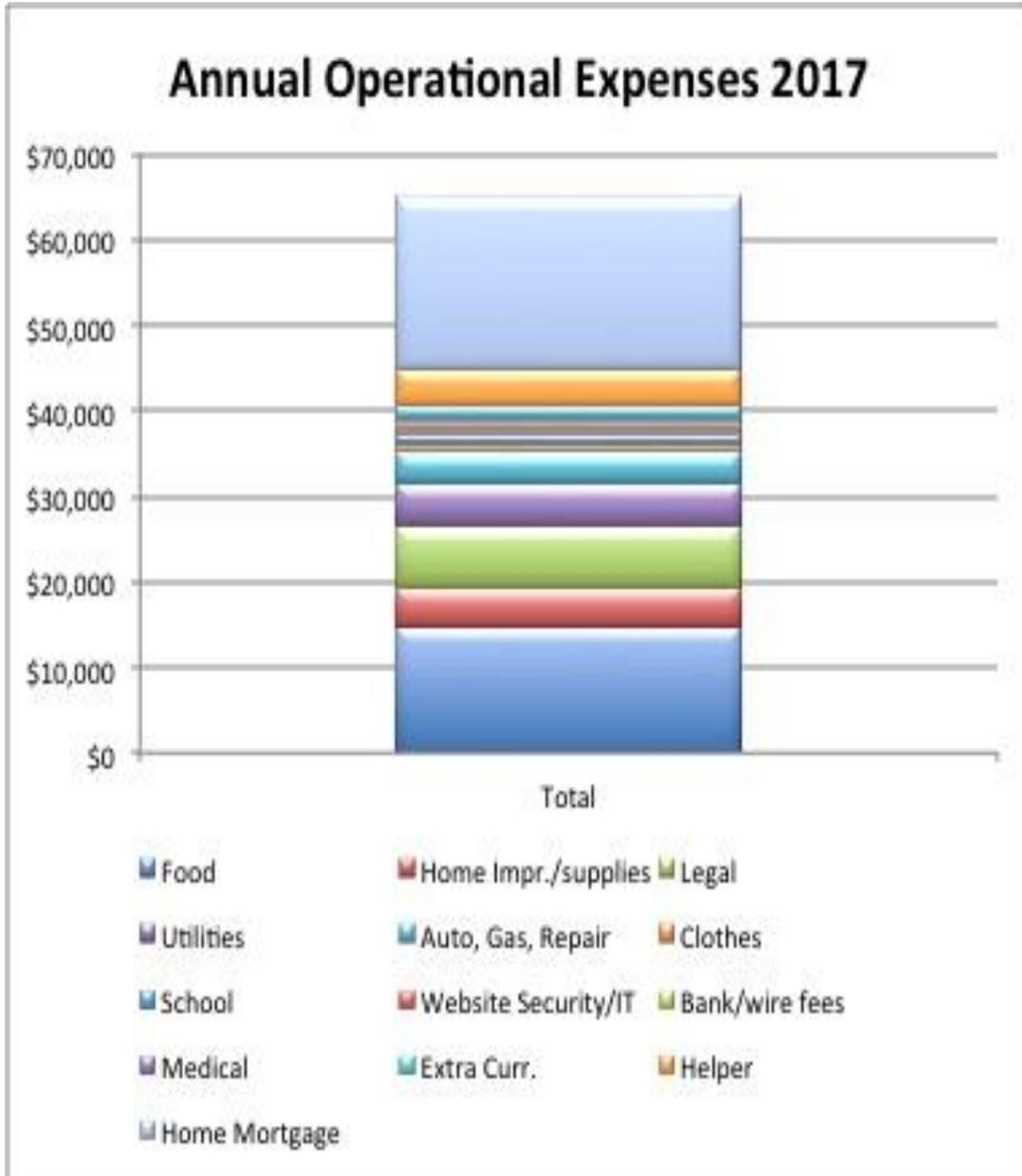
## Children's Home Operational Expense Analysis for January 2017 - December 2017



- *Please note: 1) The marked increase in legal fees for September and November reflect the costs for the Finding Hope children's passports and US visas to travel the US for summer 2018. 2) The last two 10k payments in July and August to pay off the Finding Hope children's home mortgage are not depicted in the "monthly operational expense" chart, but they are noted in the "annual operational expense" chart on the next page.*

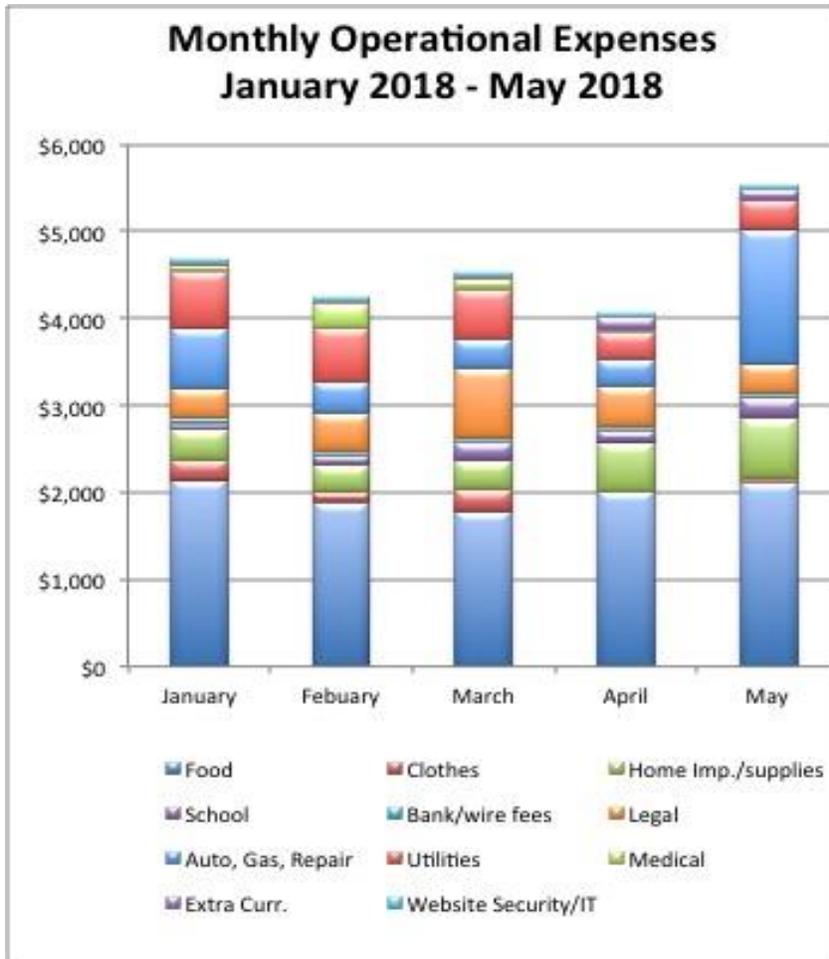
## Children's Home Operational

Annual Expense Analysis for January 2017 - December 2017



## Children's Home Operational Expense

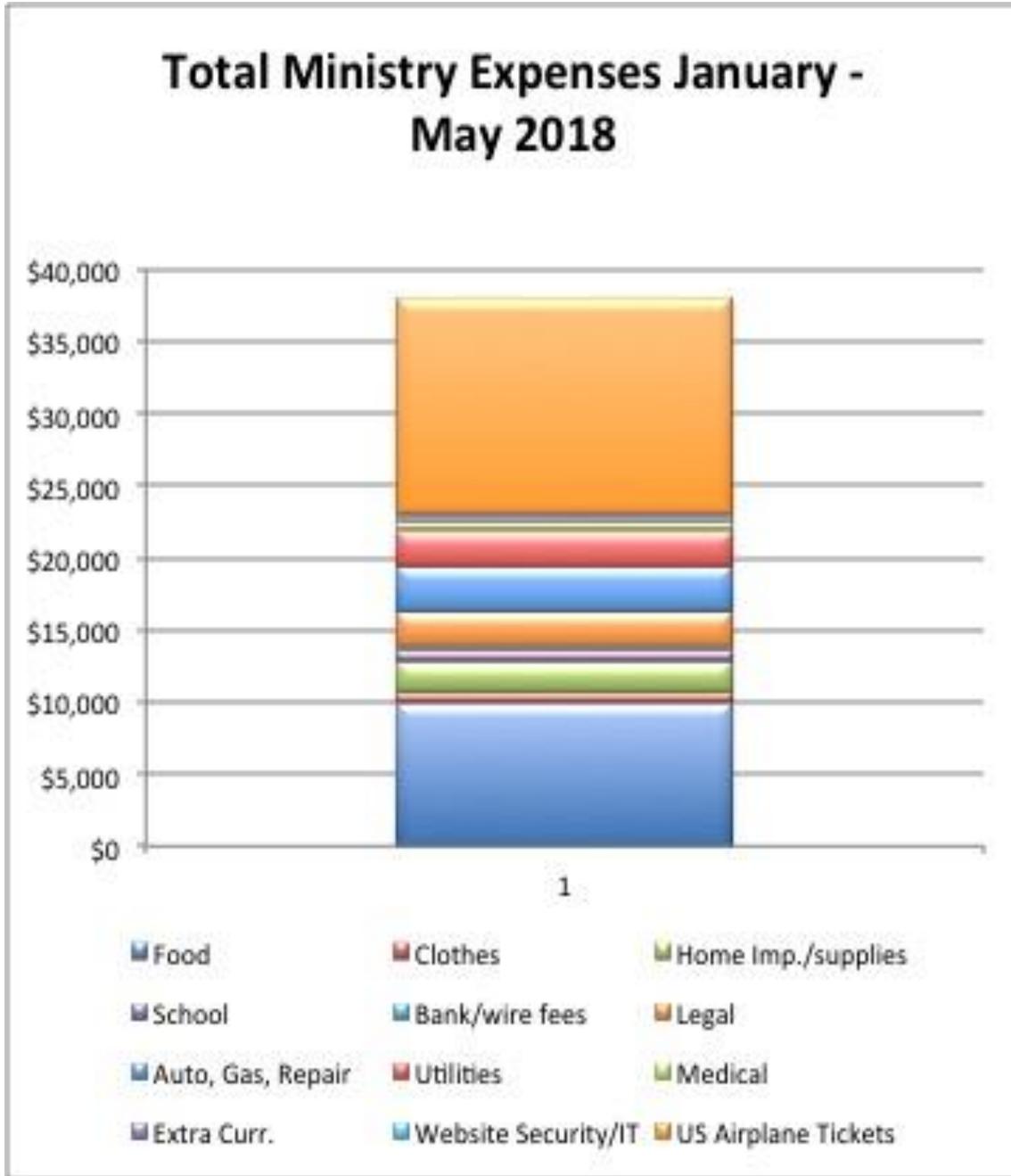
Analysis for January 2018 – May 2018



- **Please note:** the 15k paid out in March 2018 for the Finding Hope Kid's plane tickets to the USA for summer 2018 are **not** reflected in the "monthly operational expense" chart; it is, however, depicted in the chart for "total ministry expenses January 2018 – May 2018" on the next page.

# Children's Home Operational Expense

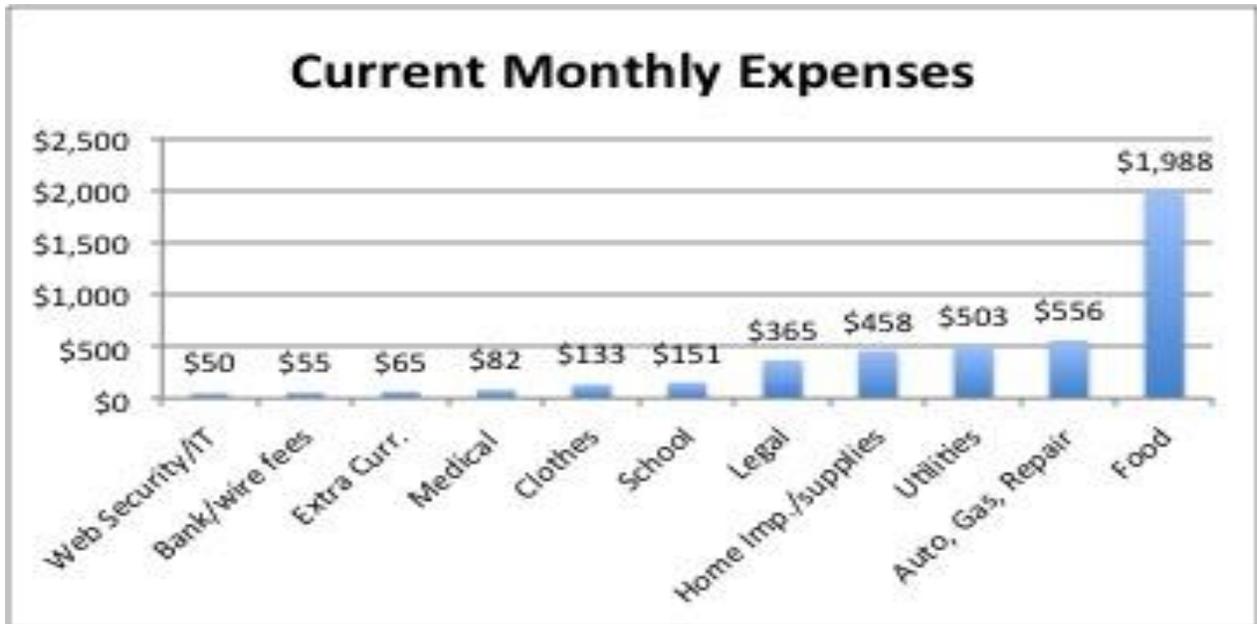
Analysis for January 2018 - May 2018



## What to Communicate | Our Expenses to operate a single Children's Home

Operational Expenses: \$4,500 per month or \$54,000 per year

- *Assumes no house/car payment, remodels, or airplane tickets.*
- *These are the normal operating expenses for 12 children.*



- **Please note:** Finding Hope Ministries has no notable administrative costs. We pay no salaries or worker benefits.

## Donation vs. Expense Comparison for 2017

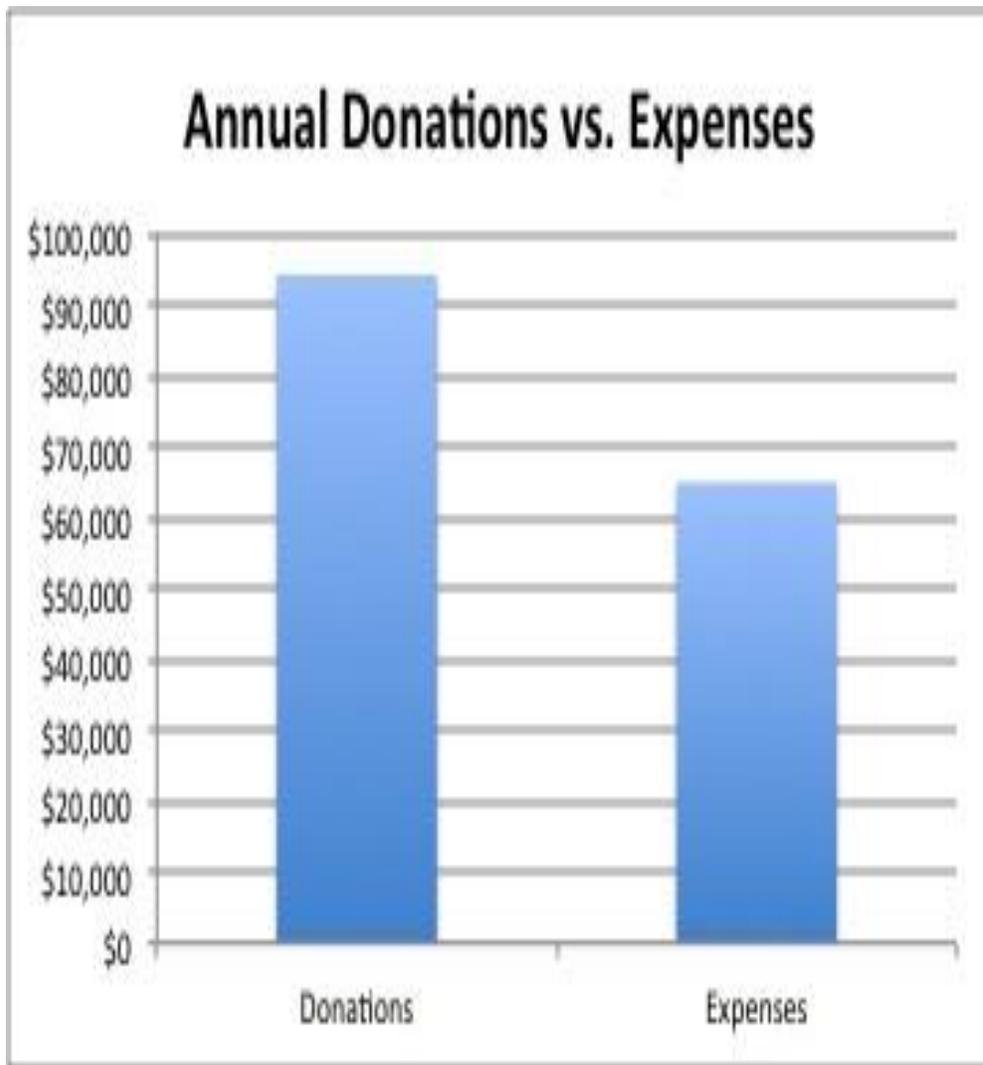
### Operational Expenses compared to Incoming Donations



- **Please note:** the surge in donations for July and August were from special love offerings to pay off the 1<sup>st</sup> children's home. The increase in expenses for July and August reflect those last two mortgage payments. The two other marked increases in donations (Sept. & Dec.) were also from special love offering but were not earmarked for anything specifically.

## Donation vs. Expense Comparison for 2017

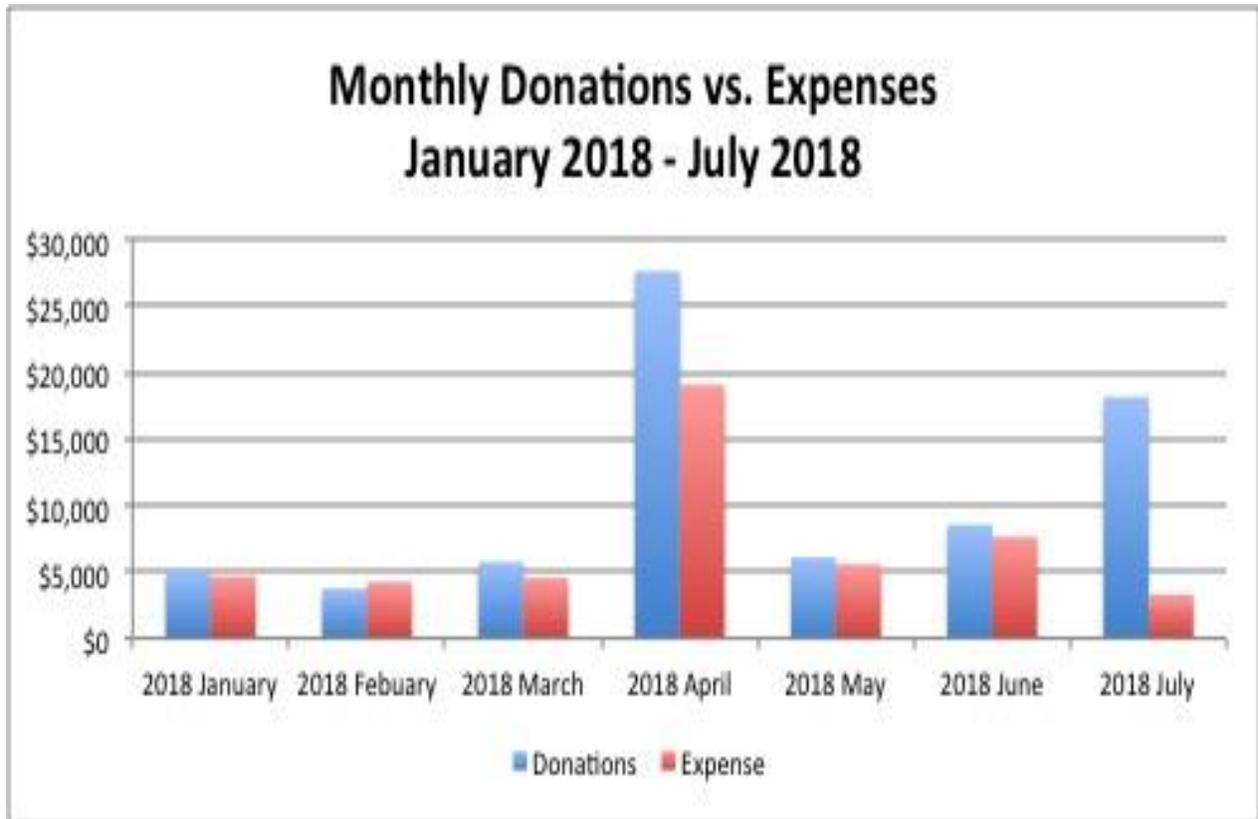
*Annual Operational Expenses compared to Incoming Donations*



- **Please note:** the annual surplus for 2017 is \$29,250. This has been appropriated towards the emergency savings fund.

## Donation vs. Expense Comparison for Jan. 2018 – July 2018

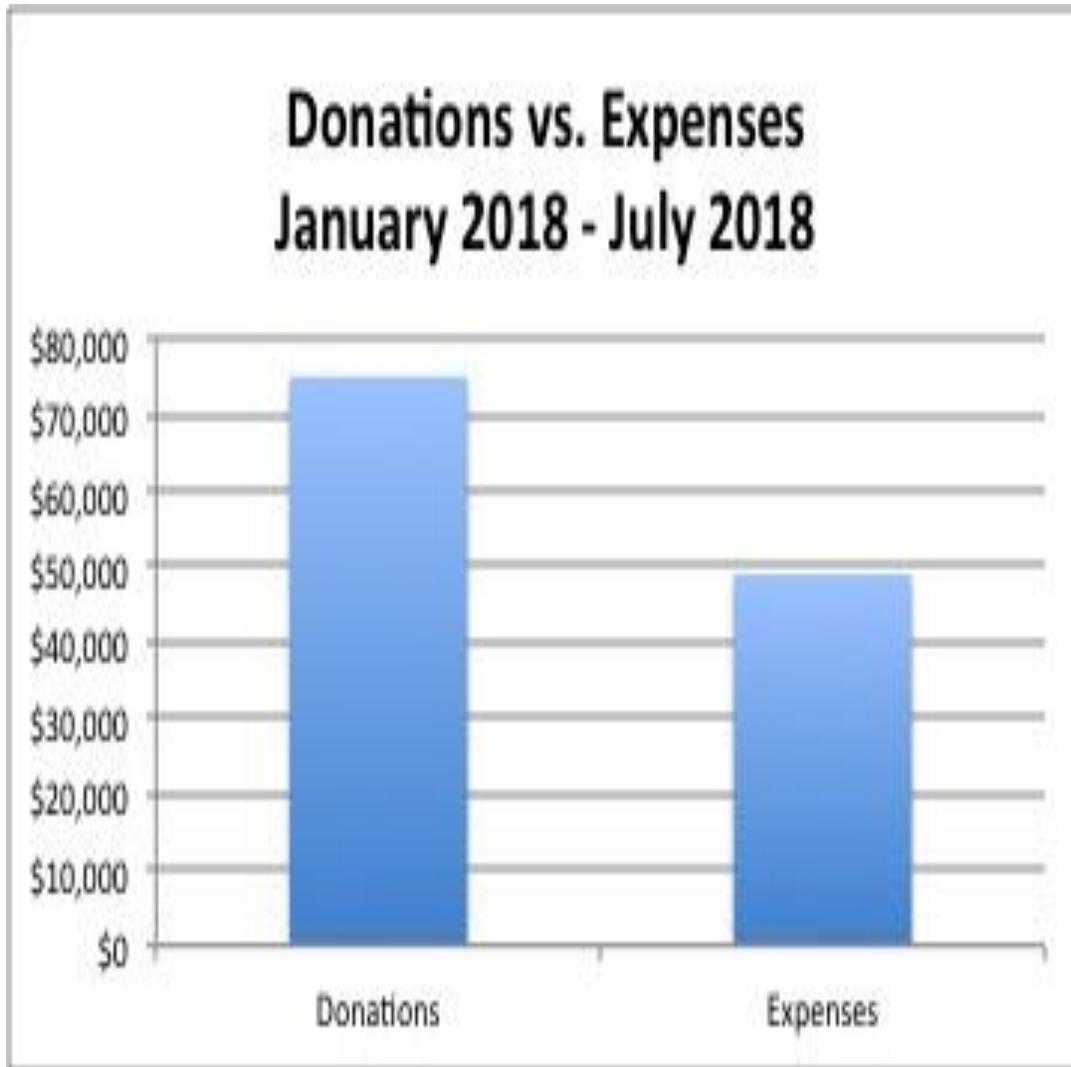
*Operational Expenses compared to Incoming Donations*



- **Please note:** the surge in donations for April were from special offerings to pay for the Finding Hope Kid's plane tickets to the USA for summer 2018. The increase in expenses for April reflect the purchase of said plane tickets. Additionally, the uptick in donations for July reflect special love offerings earmarked for purchasing the next children's home and the associated start-up costs.

## Donation vs. Expense Comparison for Jan. 2018 – July 2018

*Operational Expenses compared to Incoming Donations*



- *The surplus so far for 2018 is \$26,834. This will be appropriated for purchasing the next children's home and costs associated with its startup.*

# Financial Analysis

## **Burn Rate**

- Our income is slightly higher than our expenses – meaning we're not having to use savings. The monthly donations are paying for the normal operating expenses of the present children's home.
- The current burn rate is ~ \$4,500 a month; the current income is ~ \$5000 a month.

## **Savings**

- Given the recent money from the special love offerings during summer 2018 and our current burn rate, we should have ~ **115k** available in our savings by September 2018.

## **Reserves**

- We should always withhold about six months operating cost in reserve and not spend. This would be ~ **50k**, that is **25k/children's home** (we have one children's home and will be starting another one in September 2018).

## **Analysis summarized**

- Current monthly donations = ~ 5k/month
- Burn rate = ~ \$4,500/month
- Projected savings by Sept. 2018 = ~ 95k
- Reserves (emergency savings account) should always be at 50k.
- Thus, we should have ~ 35k

## Financials Needed to Start 2<sup>nd</sup> Children's Home

### *Start-up costs outlined*

#### *What we need for start-up*

- **\$70K** to purchase the house and accompanying land.
- **\$25K** for renovations, fire alarm system, all house furnishings (beds, mattresses, furniture, washer, dryer, kitchen appliances, kitchen table, kitchen cabinets/bar, bathroom cabinets, towels, and other linens).
- **\$15k** for permits, inspections, surveyor costs, closing costs, taxes, and other legal fees.
- Total needed for start-up of 2<sup>nd</sup> children's home = **110K**

#### *What money we presently have for start-up*

- We currently have **65k** available to cover start-up costs.

We hold **115K** in our savings account (including the summer 2018 love offerings). Since we need to keep 50k in reserve (in the emergency savings fund) this gives us **65k** to spend towards the start-up cost of second children's home. Thus, we need an additional **45k** to meet the start-up costs for the second children's home.

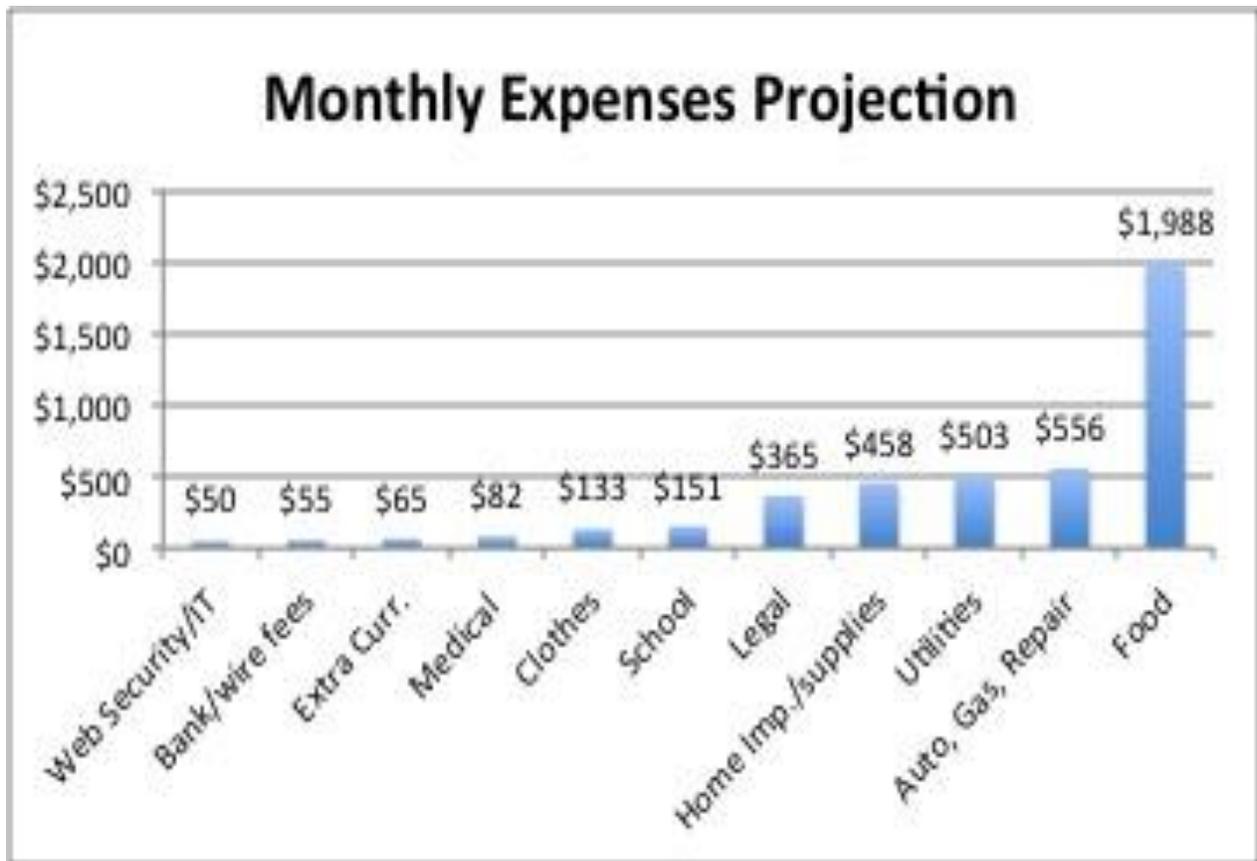
#### **Financial needs analysis summarized**

- 115k in savings.
- Need to keep 50k in reserve.
- Currently we have 65k towards the start-up costs of second children's home.
- We need an additional **45k** to be able to start-up the second children's home.

## The Second Home | Estimated Expenses

The estimated operating costs for the second children's home is expected to be the same as the current children's home we now operate: \$4,500 per month or \$54,000 per year

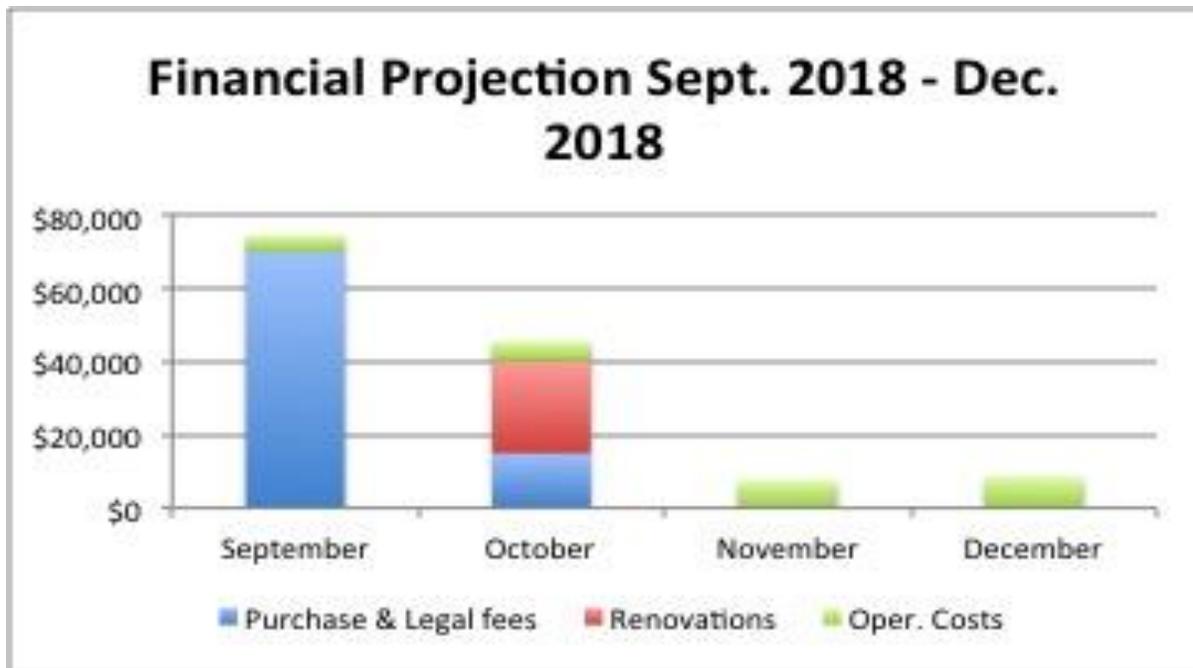
- *This assumes no car/home payment, significant renovations, or start-up costs.*
- *These are the normal operating costs for 12 children.*



**Please note:** The total operating cost for two children's home, each with 12 children (24 children total), will be \$9,000 per month or \$108,000 per year.

## Financial Projection

*Financial Projection for September 2018 – Dec. 2018*



- The above chart includes: 1) the normal operational costs for the current children’s home, 2) the start-up costs for the second children’s home (renovations, legal fees, and purchasing of the building for the second home), and 3) the initial operational costs for the second’s children’s home. September reflects the purchasing of the house for 2<sup>nd</sup> children’s home plus overall operation costs for both homes. October reflects the overall operational costs for both homes plus renovations, closing costs, legal fees, inspections, permits, etc.... for the second children’s home. November and December show only the overall operational costs for both children’s homes. Similar monthly operational costs should carry through 2019, with a few upticks during summer 2019 for planned renovations.