



**FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**THE INTERNATIONAL ACADEMY OF HOPE**

**FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)**

**YEARS ENDED JUNE 30, 2024 AND 2023**

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
The International Academy of Hope  
New York, NY

### **Opinion**

We have audited the financial statements of The International Academy of Hope ("IHOPE"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related 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 accompanying financial statements present fairly, in all material respects, the financial position of The International Academy of Hope as of June 30, 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 audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of IHOPE 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 IHOPE's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### **Auditors' 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 auditors' 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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 IHOPE'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 IHOPE'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.

*CBIZ CPAs P.C.<sup>1</sup>*

New York, NY  
December 19, 2024

**THE INTERNATIONAL ACADEMY OF HOPE**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Cash and cash equivalents (Note 2C)	\$ 194,728	\$ 302,052
Tuition receivable, net (Note 2D)	20,306,594	12,727,994
Pledges receivable, net (Note 4)	222,360	262,420
Prepaid expenses and other assets	431,665	475,046
Due from affiliates (Note 6)	-	1,229,594
Operating lease right-of-use assets (Note 7)	43,967,899	44,752,765
Property and equipment, net (Notes 2E and 5)	2,268,704	2,436,706
<b>TOTAL ASSETS</b>	<b>\$ 67,391,950</b>	<b>\$ 62,186,577</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,019,431	\$ 1,003,302
Accrued salary	724,655	565,403
Accrued vacation	246,544	203,549
Accrued pension	260,160	181,644
Due to affiliates (Note 6)	3,093,232	-
Deferred revenue (Notes 2D and 2F)	25,830	24,275
Operating lease liabilities (Note 7)	45,075,219	44,910,953
<b>TOTAL LIABILITIES</b>	<b>50,445,071</b>	<b>46,889,126</b>
<b>CONTINGENCIES (Note 8)</b>		
<b>NET ASSETS (Note 2B)</b>		
Without donor restrictions	16,872,145	15,253,135
With donor restrictions (Note 11)	74,734	44,316
<b>TOTAL NET ASSETS</b>	<b>16,946,879</b>	<b>15,297,451</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 67,391,950</b>	<b>\$ 62,186,577</b>

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

**THE INTERNATIONAL ACADEMY OF HOPE  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2024 Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>
<b>REVENUES AND SUPPORT</b>						
Tuition (Note 2D)	\$ 27,218,832	\$ -	\$ 27,218,832	\$ 20,665,128	\$ -	\$ 20,665,128
Government contracts	224,398	-	224,398	-	-	-
Contributions (Note 2G)	156,219	69,108	225,327	16,462	111,824	128,286
Other income	640	-	640	-	-	-
Net assets released from restrictions (Note 11)	38,690	(38,690)	-	75,734	(75,734)	-
<b>TOTAL REVENUES AND SUPPORT</b>	<u>27,638,779</u>	<u>30,418</u>	<u>27,669,197</u>	<u>20,757,324</u>	<u>36,090</u>	<u>20,793,414</u>
<b>EXPENSES</b> (Note 2H)						
Program services	22,830,415	-	22,830,415	15,330,810	-	15,330,810
Management and general	3,144,473	-	3,144,473	2,940,861	-	2,940,861
Fundraising	44,881	-	44,881	52,548	-	52,548
<b>TOTAL EXPENSES</b>	<u>26,019,769</u>	<u>-</u>	<u>26,019,769</u>	<u>18,324,219</u>	<u>-</u>	<u>18,324,219</u>
<b>CHANGE IN NET ASSETS</b>	1,619,010	30,418	1,649,428	2,433,105	36,090	2,469,195
Net assets - beginning of year	<u>15,253,135</u>	<u>44,316</u>	<u>15,297,451</u>	<u>12,820,030</u>	<u>8,226</u>	<u>12,828,256</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 16,872,145</u>	<u>\$ 74,734</u>	<u>\$ 16,946,879</u>	<u>\$ 15,253,135</u>	<u>\$ 44,316</u>	<u>\$ 15,297,451</u>

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

**THE INTERNATIONAL ACADEMY OF HOPE  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	Year Ended June 30, 2024			Year Ended June 30, 2023				
	Program Services	Management and General	Fundraising	Total 2024	Program Services	Management and General	Fundraising	Total 2023
Salaries	\$ 12,387,588	\$ 813,899	\$ -	\$ 13,201,487	\$ 9,836,358	\$ 780,477	\$ -	\$ 10,616,835
Payroll taxes and employee benefits (Note 10)	2,466,129	162,031	-	2,628,160	1,970,964	156,388	-	2,127,352
Total salaries and related costs	14,853,717	975,930	-	15,829,647	11,807,322	936,865	-	12,744,187
Contracted services	1,318,004	23,342	-	1,341,346	809,503	12,993	-	822,496
Management support services (Note 6A)	-	1,374,236	42,668	1,416,904	-	1,240,170	52,548	1,292,718
Professional fees	630,395	131,817	-	762,212	804,306	172,377	-	976,683
Program recreational and supplies	215,659	-	-	215,659	203,911	8,357	-	212,268
Food	7,265	2,021	-	9,286	1,078	1,344	-	2,422
Transportation	260	1,807	-	2,067	356	345	-	701
Office and equipment expense	135,364	25,054	-	160,418	128,004	47,511	-	175,515
Staff development	123,600	18,356	-	141,956	72,985	17,756	-	90,741
Occupancy (Note 7)	4,091,854	170,955	-	4,262,809	681,673	-	-	681,673
Repairs and maintenance	656,864	27,443	-	684,307	548,992	473	-	549,465
Insurance	106,172	71,986	-	178,158	102,895	60,016	-	162,911
Utilities	41,915	1,751	-	43,666	30,836	-	-	30,836
Telephone	5,884	29,674	-	35,558	3,471	29,879	-	33,350
Information technology	33,580	8,214	-	41,794	20,861	14,793	-	35,654
Depreciation and amortization (Note 5)	37,372	212,302	-	249,674	45,266	207,322	-	252,588
Interest (Note 6B)	-	-	-	-	-	113,313	-	113,313
Bad debt	563,083	-	-	563,083	69,351	-	-	69,351
Bank fee	-	62,500	-	62,500	-	63,166	-	63,166
Miscellaneous	9,427	7,085	2,213	18,725	-	14,181	-	14,181
<b>TOTAL EXPENSES</b>	<b>\$ 22,830,415</b>	<b>\$ 3,144,473</b>	<b>\$ 44,881</b>	<b>\$ 26,019,769</b>	<b>\$ 15,330,810</b>	<b>\$ 2,940,861</b>	<b>\$ 52,548</b>	<b>\$ 18,324,219</b>

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

**THE INTERNATIONAL ACADEMY OF HOPE  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,649,428	\$ 2,469,195
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	249,674	252,588
Bad debt expense	563,083	69,351
Reduction in carrying amount of right-of-use assets - operating lease	784,866	158,188
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Tuition receivable	(8,141,683)	984,641
Pledges receivable	40,060	30,499
Prepaid expenses and other assets	43,381	(59,326)
Due from affiliates	1,229,594	(1,229,594)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	16,129	737,443
Accrued salaries and other benefits	280,763	65,107
Due to affiliates	3,093,232	(103,187)
Deferred revenue	1,555	18,425
Operating lease liabilities	164,266	-
	<b>(25,652)</b>	<b>3,393,330</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(81,672)	(269,947)
	<b>(81,672)</b>	<b>(269,947)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayments of note payable	-	(3,450,000)
	<b>-</b>	<b>(3,450,000)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(107,324)</b>	<b>(326,617)</b>
Cash and cash equivalents - beginning of year	302,052	628,669
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 194,728</b>	<b>\$ 302,052</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ -	\$ 113,313
Operating lease ROU assets obtained in exchange for new operating lease liabilities	-	44,870,474



**THE INTERNATIONAL ACADEMY OF HOPE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

The International Academy of Hope (the “Academy”) was formed during 2013 for the purpose of serving as a non-public, non-profit school and an educational institution for children with a brain injury and/or brain-based disorders. The Academy was granted a provisional three-year charter from the Regents of the University of New York on October 22, 2013. The Academy is currently in the process of renewing its charter and being licensed by the New York City Department of Education (the “NYCDOE”).

The International Center of Hope (the “Center”) was formed during fiscal 2016 for the purpose of advancing the mission of the Academy by preventing, identifying, treating and eventually curing the number one cause of death and disability for American youth, pediatric acquired brain injury, as well as other brain-based disorders. After receiving approval from the Board of Trustees and the New York State Attorney General’s Office, the Academy and Center entered into a transaction whereby all of the Center’s assets and liabilities were transferred to the Academy. Effective July 1, 2021, the Center ceased operations, with the Certificate of Incorporation of the Academy being the Certificate of Incorporation of the surviving entity without any amendments or changes. Subsequent to the effective date of the transfer, the business of the combined corporations is conducted through the Academy as the surviving organization. The Center was dissolved effective June 12, 2023.

The accompanying financial statements reflect the activities of the Academy. The Academy is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has an equivalent exemption from income tax at the state and local levels. IHOPE is supported primarily by tuition income.

IHOPE is a part of the Young Adult Institute, Inc. (“YAI”) Network, which is a network of non-profit agencies operating programs and services for children and adults with developmental disabilities throughout New York City, the Hudson Valley, Long Island and California. YAI is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Effective March 1, 2018, IHOPE entered into a management agreement with YAI to undertake, on its behalf, functions in regard to business and administrative services of IHOPE. Effective July 1, 2019, YAI became the sole member of the Academy.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. ***Basis of Accounting and Use of Estimates*** – IHOPE’s financial statements are prepared on the accrual basis of accounting. IHOPE adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

B. ***Basis of Net Asset Presentation*** – IHOPE maintains its net assets under the following classes:

Without Donor Restrictions – This represents net assets not subject to donor-imposed stipulations and that have no time restrictions. Such resources are available for support of IHOPE’s operations over which the Board of Directors has discretionary control.

With Donor Restrictions – This represents net assets subject to donor-imposed stipulations that will be met by actions of IHOPE and/or by the passage of time. When a stipulated time restriction ends or purpose restriction is accomplished, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

C. ***Cash and Cash Equivalents*** – IHOPE considers highly liquid debt instruments with maturities of three months or less, when acquired, to be cash equivalents.

D. ***Tuition and Allowance for Uncollectible Receivables*** – Tuition receivable is comprised of student fees and tuition owed from the NYCDOE. Such an estimate is based upon assessments performed by IHOPE or upon agreements entered into with the student’s parents, and subject to executed stipulation agreements with the NYCDOE. Interest is not accrued or recorded on outstanding balances.

**THE INTERNATIONAL ACADEMY OF HOPE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

IHOPE determines whether an allowance for uncollectible accounts should be provided for tuition receivable. Such estimate is based on management’s assessment of the aged basis of its receivables, current economic conditions, collections subsequent to year-end and historical experience. As of June 30, 2024 and 2023, IHOPE determined that an allowance of approximately \$1,068,000 and \$670,000, respectively, was necessary for tuition receivable.

Service revenue from tuition and fees is derived from contracts with customers. Revenue is reported at the amount that reflects the consideration to which IHOPE expects to be entitled in exchange for providing the contracted services. Service revenue is recognized after the services are performed or after IHOPE has completed its portion of the contract.

Tuition and fees are recorded as revenue in the period in which the tuition and fees relate to the school year. Deferred tuition is tuition payments committed prior to June 30, but which are applicable to the following academic year. These amounts are deferred and recognized as revenue in the fiscal year that educational services are provided.

The tuition and fees ending contract balances related were as follows as of June 30:

	2024	2023
Tuition receivable, net	\$ 20,306,594	\$ 12,727,994
Deferred revenue	\$ 25,830	\$ 24,275

The following Table summarizes the activity related to the allowance for credit losses for tuition receivables under current expected credit loss (“CECL”) for the year ended June 30:

	2024
Balance beginning of the year	\$ 669,894
Bad debt expense	(165,448)
Provisions during the year	563,083
	\$ 1,067,529

- E. **Property and Equipment** – Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the applicable lease. Property and equipment is capitalized by IHOPE provided its cost is \$5,000 or more and its useful life is greater than one year.
- F. **Deferred Revenue** – IHOPE receives deposits and prepayments in advance from students of the upcoming school year. These deposits are recorded as liabilities and are applied against the students’ tuition in the period in which they are earned. All deposits are expected to be earned in the next fiscal year.
- G. **Contributions** – Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. IHOPE reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a stipulated time restriction ends or purpose restriction is accomplished, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions are nonexchange transactions and are accounted for under Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. Contributions are recognized when barriers within the contract are overcome, and there is no right of return/release from obligation.

**THE INTERNATIONAL ACADEMY OF HOPE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in greater than one year are recorded at the net present value of the estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received.

- H. **Functional Expenses** – The costs of providing program and supporting services of IHOPE have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain expenses have been allocated among the program and supporting services benefited. The expenses that are allocated include depreciation and amortization, which is allocated on a prorated basis, as well as payroll taxes and benefits, which are allocated on the basis of estimates of time and effort.
- I. **Recently Adopted Accounting Standards** – FASB ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, was adopted for the year ended December 31, 2023. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions and reasonable and supportable forecasts. Financial assets held by IHOPE that are subject to the guidance in ASU 2016-03 include tuition receivables.

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES**

IHOPE regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maintain a balanced budget. IHOPE has various sources of liquidity at its disposal, including cash and cash equivalents and tuition receivables that provide funding for operations and expenditures as needed. IHOPE strives to maintain liquid financial assets sufficient to cover expenditures. Tuition revenue from funders is expected to cover most expenses. In addition, as noted in Note 1, YAI is the sole member of IHOPE, which can aid if there are unanticipated shortfalls.

Financial assets available for general expenditure within one year of the statements of financial position date, without donor or other restrictions limiting their use, were as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 194,728	\$ 302,052
Tuition receivable, net	20,306,594	12,727,994
Pledge receivables to be collected within one year	55,000	80,000
Net assets with donor restrictions	<u>(74,734)</u>	<u>(44,316)</u>
	<u>\$ 20,481,588</u>	<u>\$ 13,065,730</u>

**NOTE 4 – PLEDGES RECEIVABLE, NET**

Pledges receivable, net, consist of the following as of June 30:

Amounts expected to be collected in:	<u>2024</u>	<u>2023</u>
Less than one year	\$ 55,000	\$ 80,000
One to five years	<u>189,283</u>	<u>204,343</u>
	244,283	284,343
Discount to present value at 1.26% to 2.89%	<u>(21,923)</u>	<u>(21,923)</u>
	<u>\$ 222,360</u>	<u>\$ 262,420</u>

Pledges receivables are related to capital campaign for leasehold improvements work for the site and the school, which has been completed. There are no implicit time restrictions on the related capital campaign pledges receivable due to be collected in future years.

**THE INTERNATIONAL ACADEMY OF HOPE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 5 – PROPERTY AND EQUIPMENT, NET**

Property and equipment, net, consist of the following as of June 30:

	<u>2024</u>	<u>2023</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 1,485,766	\$ 1,424,422	4 - 6 years
Equipment, furniture and fixtures	1,470,410	1,410,281	3 - 5 years
Construction in progress	<u>10,745</u>	<u>50,546</u>	
	2,966,921	2,885,249	
Less: accumulated depreciation and amortization	<u>(698,217)</u>	<u>(448,543)</u>	
	<u>\$ 2,268,704</u>	<u>\$ 2,436,706</u>	

Depreciation and amortization expense amounted to \$249,673 and \$252,588 for the years ended June 30, 2024 and 2023, respectively. There were no disposals during the year ended June 30, 2024.

**NOTE 6 – RELATED-PARTY TRANSACTIONS**

A. IHOPE entered into a management agreement with YAI effective March 1, 2018 to provide management services which include, but are not limited to: accounting and financial operations, administrative and program support, human resources, education and training, information technology, and general management. For the years ended June 30, 2024 and 2023, IHOPE incurred a management support service fees of \$1,416,904 and \$1,292,718, respectively. As of June 30, 2023, IHOPE has a liability of \$3,091,421 for operating costs paid by YAI on IHOPE's behalf.

As of June 30, 2024, due to affiliates consist of \$3,091,421 to YAI and \$1,811 to Manhattan Star Academy ("MSA"). There were no due to affiliates as of June 30, 2023. As of June 30, 2023, due from affiliates consists of \$1,229,594 from YAI relating to advances made to cover operational costs.

IHOPE, MSA and Premier Healthcare, Inc. ("PHC") have a sibling affiliation in the YAI network, whereby YAI is sole member of the organizations. IHOPE received advances for operating costs during the year ended June 30, 2024.

B. YAI is the sole member of IHOPE. IHOPE borrowed on the YAI and its Affiliates line of credit to fund operations during 2022. Proceeds from the line of credit amounted to \$3,450,000 as of June 30, 2022 and this amount was paid in full during the year ended June 30, 2023.

**NOTE 7 – OPERATING LEASES**

During the year ended June 30, 2024, IHOPE had two property leases for their office spaces. Payments for the lease commenced on May 1, 2023, and will end on April 30, 2053. As of June 30, 2024 and 2023, the right-of-use ("ROU") asset had a balance of \$43,967,899 and \$44,752,765, respectively, as shown in the statements of financial position; the lease liability totaled \$45,075,219 and \$44,910,953, respectively, as shown in the statements of financial position.

**THE INTERNATIONAL ACADEMY OF HOPE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 7 – OPERATING LEASES (Continued)**

The lease liabilities were calculated utilizing IHOPE’s incremental borrowing rate of 3.25% for leases of vehicles and equipment in effect at the initial adoption date of July 1, 2020, and incremental borrowing rate of 7.36% for leases of real property in effect at the lease commencement date of May 1, 2023.

The future minimum rentals under lease agreements as of June 30, 2024 are as follows:

	<u>Real Property</u>	<u>Vehicles and Equipment</u>	<u>Total</u>
2025	\$ 3,140,905	\$ 5,280	\$ 3,146,185
2026	3,140,905	3,520	3,144,425
2027	3,140,905	-	3,140,905
2028	3,203,896	-	3,203,896
2029	3,518,853	-	3,518,853
Thereafter	<u>102,891,252</u>	<u>-</u>	<u>102,891,252</u>
Total Lease Payment	119,036,716	8,800	119,045,516
Less: Present Value Discount	<u>(73,970,053)</u>	<u>(245)</u>	<u>(73,970,298)</u>
	<u>\$ 45,066,663</u>	<u>\$ 8,555</u>	<u>\$ 45,075,218</u>

Rent expense for the years ended June 30, 2024 and 2023 amounted to \$4,090,037 and \$681,673, respectively.

The following table summarizes the weighted-average remaining lease term and weight-average discount rate for the years ended June 30:

Weighted-average remaining lease term in years:

	<u>2024</u>	<u>2023</u>
Operating leases	346 months	358 months

Weighted-average discount rate:

	<u>2024</u>	<u>2023</u>
Operating leases	7.36%	7.36%

**NOTE 8 – CONTINGENCIES**

- A. IHOPE believes it has no uncertain tax positions as of June 30, 2024 and 2023 in accordance with FASB Accounting Standards Codification (“ASC”) Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- B. There are various legal proceedings currently pending against IHOPE. While it is not feasible to predict or determine with certainty the outcome of each case, it is the opinion of management in consultation with legal counsel that the outcomes with not have a material adverse effect on the accompanying financial statements.

**NOTE 9 – CONCENTRATION OF CREDIT RISK**

Cash and cash equivalents that potentially subject IHOPE to a concentration of credit risk include cash accounts with a bank that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Cash accounts are insured up to \$250,000 per depositor, per insured financial institution. As of June 30, 2024 and 2023, there was approximately \$0 and \$109,000, respectively, of cash that exceeded FDIC limits.

**THE INTERNATIONAL ACADEMY OF HOPE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 10 – RETIREMENT PLAN**

On January 1, 2019, IHOPE adopted the YAI Network Affiliates 403(b) Plan (the “Plan”) with matching contributions from IHOPE effective July 1, 2019. Contributions to the Plan are based on amounts determined in accordance with the Internal Revenue Code Section 415. For the years ended June 30, 2024 and 2023, retirement expense amounted to \$196,446 and \$129,076, respectively.

**NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS**

IHOPE’s net assets with donor restrictions consist of donor restricted contributions of \$74,734 and \$44,316 as of June 30, 2024 and 2023, respectively. Net assets are released from donor restrictions by incurring costs and satisfying restricted purposes. There were \$38,690 and \$75,734 of net assets released from restriction for the years ended June 30, 2024 and 2023, respectively.

**NOTE 12 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through December 19, 2024, the date the financial statements were available to be issued, and noted no additional items that would require adjustments to or disclosure in the 2024 financial statements.