



AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024



Independent Auditor's Report

The Board of Directors
Honduras Compassion Partners, Inc.

Opinion

We have audited the accompanying financial statements of Honduras Compassion Partners, Inc. (HCP), 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Honduras Compassion Partners, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HCP and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 HCP's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

Report on Summarized Comparative Information

We have previously audited the 2023 financial statements of Honduras Compassion Partners, Inc., and our report dated August 6, 2024, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the 2023 audited financial statements from which it has been derived.



Bethesda, Maryland
September 12, 2025

Certified Public Accountants

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Honduras Compassion Partners, Inc.

**Statement of Financial Position
December 31, 2024
With Comparative Totals As Of December 31, 2023**

	<u>2023</u>	<u>2024</u>
Assets		
Cash	\$ 236,074	\$ 133,518
Investments	500	54,516
Property and Equipment - Net	<u>637,581</u>	<u>652,542</u>
Total Assets	<u>\$ 874,155</u>	<u>\$ 840,576</u>
Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ 875	\$ 3,212
Notes Payable	<u>592,052</u>	<u>469,014</u>
Total Liabilities	<u>592,927</u>	<u>472,226</u>
Net Assets		
Without Donor Restrictions	260,913	316,205
With Donor Restrictions	<u>20,315</u>	<u>52,145</u>
Total Net Assets	<u>\$ 281,228</u>	<u>\$ 368,350</u>
Total Net Assets	<u>\$ 874,155</u>	<u>\$ 840,576</u>

See Accompanying Notes to Financial Statements

Honduras Compassion Partners, Inc.

Statement of Activities For The Year Ended December 31, 2024 With Comparative Totals For The Year Ended December 31, 2023

	2023	2024		
	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues				
Individual Contributions	\$ 215,281	\$ 156,172	\$ 112,981	\$ 269,153
Corporate Contributions	109,177	65,009	-	65,009
Grants	34,171	142,236	-	142,236
Contributions - Shared Services	45,918	53,333	-	53,333
Other Income	3,300	-	-	-
Investment Income, Net	15	1,338		1,338
Net Assets Released From Restrictions	-	81,151	(81,151)	-
Total Support and Revenues	<u>407,862</u>	<u>499,239</u>	<u>31,830</u>	<u>531,069</u>
Expenses				
Program Services (Including Shared Service Expense of \$43,733)	367,208	383,823	-	383,823
Supporting Services				
General & Administrative (Including Shared Service Expense of \$6,933)	35,175	57,092	-	57,092
Fundraising (Including Shared Service Expense of \$2,667)	2,716	3,032	-	3,032
Total Supporting Services	<u>37,891</u>	<u>60,124</u>	<u>-</u>	<u>60,124</u>
Total Expenses	<u>405,099</u>	<u>443,947</u>	<u>-</u>	<u>443,947</u>
Changes in Net Assets	2,763	55,292	31,830	87,122
Net Assets, Beginning of Year	<u>278,465</u>	<u>260,913</u>	<u>20,315</u>	<u>281,228</u>
Net Assets, End of Year	<u>\$ 281,228</u>	<u>\$ 316,205</u>	<u>\$ 52,145</u>	<u>\$ 368,350</u>

See Accompanying Notes to Financial Statements

Honduras Compassion Partners, Inc.

**Statement of Functional Expenses
For The Year Ended December 31, 2024
With Comparative Totals For The Year Ended December 31, 2023**

	<u>2023</u>	<u>2024</u>			
	<u>Total</u>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 137,179	\$ 129,585	\$ 10,296	\$ 2,667	\$ 142,548
Professional Fees	28,586	7,519	34,631	209	42,359
Mission Support	57,164	61,432	-	-	61,432
Occupancy	154,538	163,189	-	-	163,189
Depreciation and Amortization	10,781	14,222	10,504	-	24,726
Office Expense	16,851	7,876	1,661	156	9,693
Total Expenses	<u>\$ 405,099</u>	<u>\$ 383,823</u>	<u>\$ 57,092</u>	<u>\$ 3,032</u>	<u>\$ 443,947</u>

See Accompanying Notes to Financial Statements

Honduras Compassion Partners, Inc.

Statement of Cash Flows
For The Year Ended December 31, 2024
With Comparative Totals For The Year Ended December 31, 2023

	<u>2023</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 2,763	\$ 87,122
Adjustments to Reconcile the Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	10,781	24,726
Note Payable Reinstatement (Forgiveness)	28,996	-
<u>(Increase) Decrease in Assets</u>		
Accounts Receivable	4,344	-
Deferred Loan Costs	285	285
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable	(19,815)	2,337
Net Cash Provided by (Used in) Operating Activities	<u>27,354</u>	<u>114,470</u>
Cash Flows from Investing Activities		
Purchases of Investments	-	(54,016)
Purchase of Property and Equipment	(120,154)	(39,687)
Net Cash Provided by (Used in) Investing Activities	<u>(120,154)</u>	<u>(93,703)</u>
Cash Flows from Financing Activities		
Proceeds from Note Payable	246,759	-
Repayment of Note Payable	(6,441)	(123,323)
Net Cash Provided by (Used in) Financing Activities	<u>240,318</u>	<u>(123,323)</u>
Increase (Decrease) in Cash	147,518	(102,556)
Cash, Beginning of Year	88,556	236,074
Cash, End of Year	<u>\$ 236,074</u>	<u>\$ 133,518</u>
Supplemental Disclosure of Cash Flow Information:		
Interest Paid	<u>\$ 17,518</u>	<u>\$ 21,500</u>

See Accompanying Notes to Financial Statements

Honduras Compassion Partners, Inc.

Notes to Financial Statements December 31, 2024

1. ORGANIZATION AND PURPOSE

Honduras Compassion Partners, Inc. (HCP), in partnership with other non-profits, community organizations, volunteers and businesses, provides education, clean water, latrines, and medical services to enhance self-sufficiency, healthy living and dignity within the La Paz community. Education for generational change is one main focus for HCP. HCP provides a high school education for over 150 young adults who dropped out of public education after sixth grade. HCP conducts vocational training, computer training and English classes.

HCP organizes mission teams that travel to Honduras to serve in the community. Typical projects include building wooden homes, pilas, latrines and installing water filters for families. Some mission teams provide medical clinics for this rural community. Community feedings are conducted by most mission teams.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of HCP have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires HCP to report information regarding its financial position and activities according to the accrual basis of accounting and the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of HCP. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of HCP or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. When the restrictions on contributions are met in the same period that the contribution is received, the contribution is reported in the statement of activities as revenues without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Honduras Compassion Partners, Inc.

Notes to Financial Statements December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in equity securities with readily determinable fair values are reported at their fair values in the statement of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as an increase or decrease in unrestricted net assets unless the income or loss is restricted by donor or law.

Property and Equipment

HCP capitalizes expenditures over \$2,500 for property and equipment. Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the assets. Property and equipment is depreciated or amortized when placed in service. When assets are retired or sold, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is reflected in the statements of activities.

Impairment of Long-Lived Assets

HCP reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property and equipment are less than its carrying amount, management compares the carrying amount of the property and equipment to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the year ended December 31, 2024.

Contributions and Grants

Contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift. Contributed services and materials are recorded at their estimated fair value if they would otherwise be purchased if not provided by donation and provided by professionals in their field. Management considers all outstanding contributions receivable amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established. There were no unrecognized conditional contributions as of December 31, 2024.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, the categories of expenses that are attributable to more than one program or supporting function been allocated among the programs and supporting services on the basis of time and effort.

Honduras Compassion Partners, Inc.

Notes to Financial Statements December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

HCP is a tax-exempt charitable organization under Section 501(c)(3) of the Internal Revenue Code.

HCP follows the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC), which provides guidance on accounting for uncertainty in income taxes recognized in HCP's financial statements. As of December 31, 2024, HCP had no unrecognized tax benefits related to uncertain tax positions in its tax return that would qualify for either recognition or disclosure in its financial statements.

HCP's policy would be to recognize interest and penalties on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. For the year ended December 31, 2024, there were no matters that would have resulted in an accrual for interest and/or penalties.

HCP's information returns that have been filed as of December 31, 2024, for the years ended December 31, 2023, 2022 and 2021 are subject to examination by federal, state, or local taxing authorities, generally for three years after they were filed.

Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with HCP's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through September 12, 2025, the date which the financial statements were available to be issued.

3. INVESTMENTS AND FAIR VALUE

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used as of December 31, 2024:

The asset or liability's fair value measurement within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three general valuation levels that may be used to measure fair value are as described below:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities.

Honduras Compassion Partners, Inc.

Notes to Financial Statements December 31, 2024

3. INVESTMENTS AND FAIR VALUE (CONTINUED)

Level 2 inputs generally are available indirect information, such as quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active. Additional level 2 inputs may be other than quoted prices that are observed for the asset or liability or inputs derived principally from or corroborated by observable market data by correlation or other means: and

Level 3 inputs are the most subjective, are generally based on the entity's own assumptions on how knowledgeable parties would price the assets or liabilities and are developed using the best information available in the circumstances.

The following table sets forth, by level within the fair value hierarchy, HCP's assets and liabilities, measured and recorded at fair value on a recurring basis, as of December 31, 2024:

	Total	Level 1	Level 2
Money Funds	\$ 500	\$ 500	\$ -
Certificate of Deposit	54,016	-	54,016
Total	\$ 54,516	\$ 500	\$ 54,016

Investment income for the year ended December 31, 2024 was:

Dividends and Interest	\$ 1,338
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4. PROPERTY AND EQUIPMENT

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

Land	\$ 145,849
Mission House	474,246
Vehicles	67,010
Equipment	4,899
Website	13,280
	<u>705,284</u>
Accumulated Depreciation and Amortization	<u>(52,742)</u>
	<u>\$ 652,542</u>

Depreciation and amortization expense was \$24,726 in 2024.

The land is reported at cost and not depreciated. Originally, HCP purchased the 17.5 acres of land for \$131,573 and in 2020, HCP purchased another 1.72 acres for \$14,276. An adjacent property sold with a per acre valuation of approximately \$13,781. Using this sale as a comparable, HCP believes the value of its land to be approximately \$240,000. The appreciated value and the calculated gain based on the recent sale are not recorded because GAAP requires that property be recorded at cost.

Honduras Compassion Partners, Inc.

Notes to Financial Statements December 31, 2024

5. NET ASSETS

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

	<u>Beginning of Year</u>	<u>Contributions</u>	<u>Releases</u>	<u>End of Year</u>
Catalog Items	\$ 20,315	\$ 112,981	\$ (81,151)	\$ 52,145

As of December 31, 2024, net assets without donor restrictions were included \$52,000 of amounts designated as a reserve to provide for four months of HCP's expenses.

6. RELATED PARTY TRANSACTIONS

HCP is affiliated with Chesapeake Church (the Church) through common management and shared administrative functions. As of December 31, 2024 there were no related party receivables or payables.

The Church provided administrative support free of charge to HCP. During 2024, HCP recognized revenue and related expense of \$53,333 for contributed services received from the Church based on an allocation of staff time dedicated to HCP operations. These shared service expenses have been recorded as program, general and administrative and fundraising expenses in the statements of activities and functional expenses.

During 2019, the Church loaned \$125,000 to HCP to purchase a property in Honduras. The loan calls for principal payments in the amount of \$935 until June 2031 when the loan terminates and is non-interest bearing. Various loan payments that had been forgiven in prior years were reinstated in 2023. During the year, HCP made a one-time catch-up payment of \$36,477 for all reinstated principal amounts.

As of December 31, 2024, the amount owed to the Church was \$52,657.

7. NOTES PAYABLE

HCP is obligated under a promissory note that was mainly used to build the Mission House and land in Honduras. The final draw on this obligation was made during the year and the note converted to a term note. The note bears interest at 4.75% per annum with all principal and interest due in full on August 1, 2043. Principal and interest payments of \$3,231 are due monthly. Commencing September 1, 2023, monthly principal and interest was paid. The outstanding principal as of December 31, 2024 is \$421,680. As part of the note, HCP incurred debt issuance costs of \$5,988 which are being amortized straight-line over the life of the note.

HCP is obligated under a promissory note with a related party as detailed in Note 6.

Honduras Compassion Partners, Inc.

Notes to Financial Statements December 31, 2024

7. NOTES PAYABLE (CONTINUED)

As of December 31, 2024, future maturities of the note payable are as follows:

	<u>Related Party</u>	<u>Mission House</u>	<u>Total</u>
2025	\$ 11,224	\$ 19,157	\$ 30,381
2026	11,224	20,087	31,311
2027	11,224	21,062	32,286
2028	11,224	22,085	33,309
Thereafter	7,762	339,289	347,051
Less Unamortized Debt Issuance Costs	<u>-</u>	<u>(5,323)</u>	<u>(5,323)</u>
	<u>\$ 52,657</u>	<u>\$ 416,357</u>	<u>\$ 469,014</u>

8. AVAILABILITY AND LIQUIDITY

The following represents HCP's financial assets at December 31, 2024:

Financial Assets at Year End:

Cash	\$ 133,518
Investments	<u>54,516</u>
Total Financial Assets	<u>188,034</u>

Less Amounts Not Available To Be Used Within One Year:

Net Assets With Donor Restrictions	(52,145)
Net Assets With Donor Restrictions To Be Used Over the Next Twelve Months	<u>52,145</u>
	<u>-</u>

Financial Assets Available to Meet General Expenditures
Over the Next Twelve Months

\$ 188,034

As part of HCP's liquidity management plan, cash in excess of daily requirements is transferred to income generating accounts, when practical.