



THE CLAIRMOUNT GROUP, PLC

Certified Public Accountants

Hope Ignites Detroit

(A Michigan Not-for-Profit Corporation)
Financial Statements
June 30, 2025 and 2024



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THE CLAIRMOUNT GROUP, PLC
Certified Public Accountants

Independent Auditor's Report

To the Board of Directors of
Hope Ignites Detroit, Inc.
Detroit, MI

Opinion

We have audited the accompanying financial statements of Hope Ignites Detroit, (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2025 and 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 Hope Ignites Detroit, as of June 30, 2025 and 2024, and the changes in 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 Hope Ignites Detroit, 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 the Hope Ignites Detroit's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

The Clairmount Group

The Clairmount Group, PLC
Detroit, MI
March 10, 2026

Hope Ignites Detroit
Statements of Financial Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 181,747	\$ 157,619
Investments	421,669	610,714
Prepaid expense and deposits	97,083	2,083
Property and equipment, net	<u>140,735</u>	<u>140,221</u>
Total assets	<u>\$ 841,234</u>	<u>\$ 910,637</u>
Liabilities and Net Assets		
Accounts payable	\$ 35,456	\$ 18,936
Accrued salaries and benefits	<u>71,935</u>	<u>69,046</u>
Total liabilities	<u>107,391</u>	<u>87,982</u>
Net Assets		
Without donor restrictions	719,693	822,655
With donor restrictions	<u>14,150</u>	<u>-</u>
Total net assets	<u>733,843</u>	<u>822,655</u>
Total liabilities and net assets	<u>\$ 841,234</u>	<u>\$ 910,637</u>

See Notes to the Financial Statements

Hope Ignites Detroit
Statements of Activities
Year Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains						
Contributions	\$ 464,557	\$ 14,900	\$ 479,457	\$ 191,853	\$ -	\$ 191,853
Employee retention credit	-	-	-	103,302	-	103,302
In-kind donations	22,998	-	22,998	-	-	-
Special event revenue, gross						
Sponsorships and tickets	488,468	-	488,468	505,651	-	505,651
Less cost of direct benefits to donors	(212,640)	-	(212,640)	(139,480)	-	(139,480)
Net special events revenue	275,828	-	275,828	366,171	-	366,171
Realized and unrealized gain/(losses), net expenses	55,528	-	55,528	70,093	-	70,093
Interest and dividend income	15,427	-	15,427	20,558	-	20,558
Affiliate contribution	30,985	-	30,985	29,065	-	29,065
Miscellaneous income	2,129	-	2,129	-	-	-
Net assets released from restrictions	750	(750)	-	-	-	-
Total revenue, support and gains	868,202	14,150	882,352	781,042	-	781,042
Expenses						
Program services expenses						
Children's program services	605,035	-	605,035	680,537	-	680,537
Supporting services expenses						
Management and general	201,533	-	201,533	157,957	-	157,957
Fundraising	164,596	-	164,596	135,606	-	135,606
Total supporting services expenses	366,129	-	366,129	293,563	-	293,563
Total expenses	971,164	-	971,164	974,100	-	974,100
Change in net assets	(102,962)	14,150	(88,812)	(193,058)	-	(193,058)
Net Assets, Beginning of Year	822,655	-	822,655	1,015,713	-	1,015,713
Net Assets, End of Year	\$ 719,693	\$ 14,150	\$ 733,843	\$ 822,655	\$ -	\$ 822,655

See Notes to the Financial Statements

Hope Ignites Detroit
Statement of Functional Expenses
Year Ended June 30, 2025

	Children's Program Services	Fundraising	Management & General	Direct Benefits to Donor	Total
Salary and wages	\$ 312,214	\$ 109,200	\$ 99,750	\$ -	\$ 521,164
Payroll taxes	23,145	8,095	7,395	-	38,635
Employee benefits	23,063	8,067	7,369	-	38,499
Assistance to youth in program	20,032	-	-	-	20,032
Assistance to youth in college	7,457	-	-	-	7,457
Scholarships	70,198	-	-	-	70,198
Occupancy	29,642	-	-	-	29,642
Green fees	-	-	-	145,420	145,420
Meals and entertainment	-	-	-	67,220	67,220
Transportation	11,544	-	-	-	11,544
Domestic supplies	-	-	20,041	-	20,041
Contracted workers	1,113	24,000	-	-	25,113
Professional fees	-	-	9,919	-	9,919
Insurance	53,306	14,894	10,191	-	78,391
Affiliate fees	-	-	26,430	-	26,430
Administrative and other	295	340	20,438	-	21,073
Depreciation	53,026	-	-	-	53,026
Total expenses by function	605,035	164,596	201,533	212,640	1,183,804
Less expenses included with related revenues on the statement of activities	-	-	-	(212,640)	(212,640)
Total expenses included in the expense section on the statement of activities	<u>\$ 605,035</u>	<u>\$ 164,596</u>	<u>\$ 201,533</u>	<u>\$ -</u>	<u>\$ 971,164</u>

See Notes to the Financial Statements

Hope Ignites Detroit
Statement of Functional Expenses
Year Ended June 30, 2024

	Children's Program Services	Fundraising	Management & General	Direct Benefits to Donor	Total
Salary and wages	\$ 379,337	\$ 81,991	\$ 72,520	\$ -	\$ 533,849
Payroll taxes	26,377	7,370	5,043	-	38,789
Employee benefits	33,576	9,381	6,419	-	49,376
Assistance to youth in program	16,024	-	-	-	16,024
Assistance to youth in college	12,029	-	-	-	12,029
Scholarships	69,250	-	-	-	69,250
Occupancy	34,261	-	-	-	34,261
Green fees	-	-	-	63,325	63,325
Meals and entertainment	-	-	-	76,155	76,155
Assessment under cooperative agreement	7,333	-	-	-	7,333
Transportation	19,715	-	-	-	19,715
Domestic supplies	-	-	20,421	-	20,421
Contracted workers	-	24,000	-	-	24,000
Professional fees	-	-	3,091	-	3,091
Insurance	43,551	12,169	8,326	-	64,046
Affiliate fees	-	-	25,132	-	25,132
Administrative and other	610	695	17,005	-	18,310
Depreciation	38,474	-	-	-	38,474
Total expenses by function	680,537	135,606	157,957	139,480	1,113,580
Less expenses included with related revenues on the statement of activities	-	-	-	(139,480)	(139,480)
Total expenses included in the expense section on the statement of activities	\$ 680,537	\$ 135,606	\$ 157,957	\$ -	\$ 974,100

See Notes to the Financial Statements

Hope Ignites Detroit
Statements of Cash Flows
Year Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of Change in Net Assets to Net Cash from (used for) Operating Activities		
Change in net assets	\$ (88,812)	\$ (193,058)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Depreciation	53,026	38,474
Donated vehicle	(22,998)	-
Realized and unrealized (gain) loss on investments	(70,955)	(90,651)
Changes in operating assets and liabilities		
Prepaid expense	(95,000)	4,875
Accounts payable	16,520	8,983
Accrued salaries and benefits	2,889	8,706
Deferred income	-	(23,000)
Net Cash (used for) Operating Activities	<u>(205,330)</u>	<u>(245,671)</u>
Cash Flows from Investing Activities		
Proceeds from sales of investments	260,000	132,726
Purchases of property and equipment	<u>(30,542)</u>	<u>-</u>
Net Cash from Investing Activities	<u>229,458</u>	<u>132,726</u>
Net Change in Cash and Cash Equivalents	24,128	(112,945)
Cash and Cash Equivalents, Beginning of Year	<u>157,619</u>	<u>270,564</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 181,747</u></u>	<u><u>\$ 157,619</u></u>
Supplementary Disclosure of Non-Cash Investing Activities		
Donated vehicle	<u><u>\$ 22,998</u></u>	<u><u>\$ -</u></u>

See Notes to the Financial Statements

Hope Ignites Detroit
Notes to Financial Statements
June 30, 2025

Note 1 – Nature of Organization and Summary of Significant Accounting Policies

Hope Ignites Detroit, (we, us, our) is a not-for-profit established in 1984, which is committed to helping children who are at-risk, yet academically capable to realize their potential by providing a value-centered, family-like home and quality education to and through college. We are assisted in administration and other activities by The Network Headquarters which is located in St. Louis, MO. We operate one residential program in the Detroit area, known as the Hope House, one after-school academy program known as the Hope Academy, and one Collegian Support program. These programs are operated without charge to the community.

Cash and Cash Equivalents

We consider all short-term highly liquid investments with an original maturity of three months or less at date of purchase to be cash equivalents.

Investments

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Property and Equipment

Depreciation is provided over the assets' estimated useful lives on the straight-line method. Donated equipment is stated at cost or approximate fair value at the date of donation. We follow the practice of capitalizing all expenditures for equipment and software over \$2,500.

Property and equipment are stated at cost or fair market value at the date received. Major improvements are capitalized, while ordinary maintenance and repairs are expensed.

We evaluate long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Gifts of land, buildings, equipment, and other long-lived assets are also reported as revenue without donor restrictions and net assets, unless subject to time restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in a reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Compensated Absences

Employees are entitled to paid personal time off, depending on the length of service. Accrued PTO hours not utilized will be paid out as compensation upon an employee's termination of employment.

Hope Ignites Detroit
Notes to Financial Statements
June 30, 2025

Note 1 – Nature of Organization and Summary of Significant Accounting Policies (continued)

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These assets may be used at the discretion of our management and the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor 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 and reported in the statement of activities as net assets released from restrictions. We report conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or 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 substantially met.

Donated Services and Goods

Contributed nonfinancial assets include supplies, professional services, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended June 30, 2025 and 2024.

Functional Allocation of Expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Those expenses include salaries and benefits, occupancy, and administrative and other costs. These expenses are allocated based on an estimate of where efforts are made.

Income Taxes

We are exempt from income tax under IRC section 501(c)(3), though we are subject to tax on income unrelated to our exempt purpose unless that income is otherwise excluded by the Code. We have processes presently in place to ensure the maintenance of our tax-exempt status; to identify and report unrelated income; to determine our filing and tax obligations in jurisdictions for which we have nexus; and to identify and evaluate other matters that may be considered tax positions. We are not classified as a private foundation.

Our income tax filings are subject to audit by various taxing authorities, and open audit periods are 2022-2025.

Hope Ignites Detroit
Notes to Financial Statements
June 30, 2025

Note 1 – Nature of Organization and Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash and money market accounts with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2025 and 2024, our cash balances were within the FDIC limits. To date, we have not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by us and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Note 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 181,747	\$ 157,619
Investments	<u>421,669</u>	<u>610,714</u>
Total	<u>\$ 603,416</u>	<u>\$ 768,333</u>

Generally, our goal is to maintain financial assets to meet one year of operating expenses. As part of our liquidity plan, excess cash is invested in investments, including fixed-income securities, mutual funds, and exchange-traded products. If funds to cover the cost of current liabilities are removed, a net amount of \$496,025 and \$680,531 are available for the years ending June 30, 2025 and 2024, respectively.

Hope Ignites Detroit
Notes to Financial Statements
June 30, 2025

Note 3 – Fair Value Measurements and Disclosures

We report certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost per share as a practical expedient as identified in the following, at June 30, 2025:

	<u>Total</u>	<u>Fair Value Measurements at Report Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Cash	\$ 20,558	\$ 20,558	\$ -	\$ -
Exchange-traded fund	181,438	181,438	-	-
Fixed Income	48,375	48,375	-	-
Mutual Funds	110,986	110,986	-	-
Other holdings	68,986	-	-	68,986
	<u>\$ 430,343</u>	<u>\$ 361,357</u>	<u>\$ -</u>	<u>\$ 68,986</u>

Hope Ignites Detroit
Notes to Financial Statements
June 30, 2025

Note 3 – Fair Value Measurements and Disclosures (continued)

Investment return, as shown on the statement of activities, is comprised of dividends, interest and unrealized and realized gains and losses. It is shown net of expenses as follows at June 30:

	<u>2025</u>	<u>2024</u>
Dividends and interest	\$ 15,427	\$ 20,558
Realized gain (loss)	61,965	25,204
Unrealized gain (loss)	(3,603)	48,143
Less: investment expenses	<u>(2,834)</u>	<u>(3,254)</u>
Total investments	<u>\$ 70,955</u>	<u>\$ 90,651</u>

Note 4 – Property and Equipment

Major classes of assets and related accumulated depreciation thereon are summarized as follows:

	<u>2025</u>	<u>2024</u>
Buildings	\$ 110,040	\$ 110,040
Building improvements	345,903	345,903
Transportation equipment	106,240	52,700
Furniture and fixtures	93,062	93,062
Computer equipment and software	<u>3,000</u>	<u>3,000</u>
Total	658,245	604,705
Less accumulated depreciation	<u>(517,510)</u>	<u>(464,484)</u>
	<u>\$ 140,735</u>	<u>\$ 140,221</u>

During the year ended June 30, 2025, we received a donated vehicle with a fair value of \$22,998, which has been recorded as property and equipment and is being depreciated over its estimated useful life.

Note 5 – Leases

On November 1, 2024, we entered into a month-to-month office facilities lease agreement. We have elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. Total lease expense for the years ended June 30, 2025 and 2024, was \$6,000 and \$6,235, respectively.

Hope Ignites Detroit
Notes to Financial Statements
June 30, 2025

Note 6 – Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose:		
Scholarships	<u>\$ 14,150</u>	<u>\$ -</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Satisfaction of purpose restrictions		
Scholarships	<u>\$ 750</u>	<u>\$ -</u>

Note 7 – Employee Benefits

We sponsor a 401(k)-retirement savings plan (the "Plan") qualified under Section 401(k) of the Internal Revenue Code. The Plan covers substantially all full-time employees. Eligible employees may make voluntary contributions to the Plan, subject to limitations imposed by the Internal Revenue Code. At this time, we do not make any employer contributions to the Plan.

Note 8 – Related Party Transactions

We operate under an expense sharing agreement with Hope Ignites (Network Headquarters). This agreement requires, in return for the performance of certain administrative services, and an annual fixed payment that is assessed on a per-home basis. Payments required under this agreement were \$26,430 and \$25,132 during the years ended June 30, 2025 and 2024, respectively. The total outstanding balance owed to Network Headquarters for the aforementioned expenses was \$32,453 and \$15,124 as of June 30, 2025 and 2024, respectively. We also receive Network Headquarters contributions to support various activities. Contributions received were \$30,985 and \$29,065 during the years ended June 30, 2025 and 2024, respectively.

Note 9 – Subsequent Events

Subsequent events have been evaluated through March 10, 2026, when the financial statements were available to be issued.