THE HOPE EFFECT 2022 ANNUAL REPORT

FROM OUR FOUNDER

Every child deserves a family.

Those five words make up a seemingly simple sentence. But it's so much more than a phrase to me.

It is a belief that has led to a movement and a mission to change the way the world cares for orphans.

I am so grateful for the thousands of people who have joined this movement and become part of the solution. Every year, I am overwhelmed and humbled by the response from our supporters who are making an incredible difference in the lives of orphaned and vulnerable children around the world.

2022 was another fantastic year for The Hope Effect. It was by far our biggest fundraising year ever – together, we raised more than \$540,000, which is an incredible 41% increase from 2021. Those generous donations equate to lives changed...children getting out of orphanages and into loving families.

As you read just some of their stories over the following pages, I hope you find joy in the knowledge that each of these children are growing up in loving families. Thank you for making that possible.

Together, we are changing the way the world cares for orphans.

Sincerely,

Joshua Becker Founder, The Hope Effect

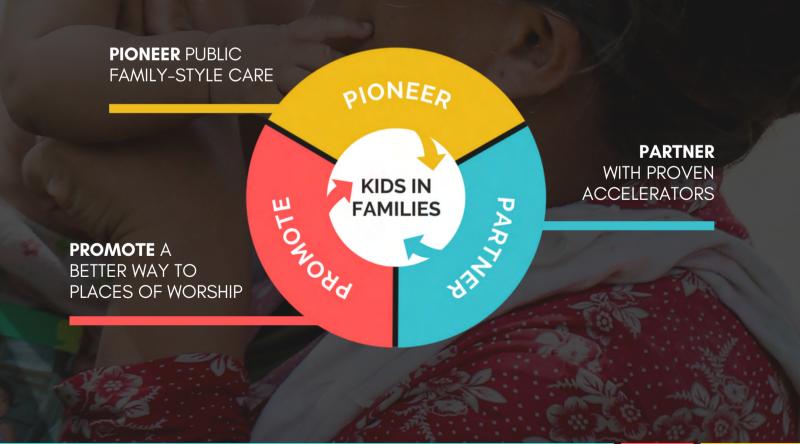
MISSION AND STRATEGY

MISSION

Changing the way the world cares for orphans.

STRATEGY

Every child deserves a family. That's why we are changing the way the world cares for orphans by providing loving family care for orphaned and vulnerable children around the world. Our strategy is to: 1) pioneer public family-style care, 2) partner with proven accelerators, and 3) promote a better way to places of worship.



WHAT WE DO

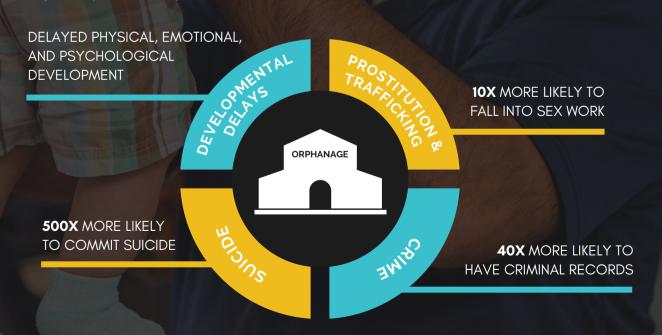
CHANGING THE WAY THE WORLD CARES FOR ORPHANS BECAUSE EVERY CHILD DESERVES A FAMILY.

THE PROBLEM

There are an estimated 15.1 million orphans worldwide, with 2.7 million of them living in orphanages. And there is growing research on the damaging physical and psychological effects of traditional, institutional orphan care.

When children do not receive adequate personal interaction within a loving environment, development is stunted and learning abilities are delayed or lost. Many kids age out only to face a future of crime, prostitution, or trafficking.

In fact, children who grow up in institutional care are much more likely to have developmental delays, fall into crime or sex work, and commit suicide than children who grow up in a family environment.¹



1. Pashkina (2001). Sotsial'noe obespechenie, 11:42–45. Cited in Holm- Hansen J, Kristofersen LB, Myrvold TM eds. Orphans in Russia. Oslo, Norwegian Institute for Urban and Regional Research (NIBR-rapport 2003:1)

WHAT WE DO

OUR SOLUTION

The Hope Effect is changing orphan care by providing family-based solutions. Loving family care provides opportunities for each child to flourish and thrive. To get more kids in loving families, our strategy is to : 1) pioneer public family-style care, 2) partner with proven accelerators, and 3) promote a better way to places of worship.

PIONEER PUBLIC FAMILY-STYLE CARE

We bring family-style orphan care to locations where it does not exist. We change the primary care model of orphaned and vulnerable children by pioneering family care programs. To accomplish this, we collaborate with local governments to develop innovative, sustainable solutions.

PARTNER WITH PROVEN ACCELERATORS

We partner with like-minded organizations to help the family care movement grow faster, which ultimately results in more kids getting out of orphanages and into loving families. We work through partnerships to accelerate family care programs as well as facilitate the reintegration of children who are currently living in orphanages back into their families.

PROMOTE A BETTER WAY TO PLACES OF WORSHIP

A recent study shows that approximately \$2.5 billion a year is given from churches in the U.S. to orphanages around the world. We raise awareness about the dangers of institutional orphan care and educate about the importance of family in a child's life. We promote a better way of orphan care to churches and people of faith in the U.S. to generate even more momentum for the family care movement around the world.

04

GLOBAL IMPACT





SOUTHEAST ASIA

*Completed Project

ANNUAL REPORT

BY THE NUMBERS



TOTAL LOCATIONS

In October 2022, we expanded into another new location – Battambang, Cambodia. This brings our all-time total to eight locations in four countries. Currently, we have six active locations in Latin America and Southeast Asia.

CHILDREN IN LOVING FAMILIES

Since The Hope Effect was founded, 263 children have been placed into loving family care or reunited with their family after living in an orphanage.





OUR GROWING DONOR BASE

The momentum is growing! Every year, more and more heroes become part of the solution. At the end of 2015, our first full calendar year, 878 donors had given to The Hope Effect. By the end of 2022, that number increased to 2,881! We're thrilled so many people have joined the movement to change the way the world cares for orphans.

INFORMED PLACES OF WORSHIP

As part of our strategy, we inform U.S. church leadership about the dangers of institutional orphan care and the importance of family in a child's life. As of December 2022, we have reached 17 churches representing 136,100 individual members to generate momentum for the family care movement around the world.



SONORA, MEXICO

PAVING THE WAY AND PIONEERING FAMILY CARE

The momentum is growing in Sonora, Mexico! Since becoming the first nonprofit to receive government approval to provide family-style orphan care in Sonora in 2020, we have been pioneering family care in the capital city of Hermosillo.

There are approximately 650 orphaned and vulnerable children living in governmentrun orphanages in Sonora. Together with the state DIF (Mexico's version of Child Protective Services), we are working to get those children out of institutional care and into loving families.

This year, more children than ever before were welcomed into loving family care. In fact, in 2022, we doubled the number of children in family care in Sonora! We also exceeded our goal for the number of families trained and certified to provide family care. We tripled the number of families who are able to provide family care in Sonora. Several of those families are ready to welcome a child into their home in 2023.

In November 2022, we extended our contract with the government of Sonora for an additional two years. This ensures that even more orphaned and vulnerable children in Sonora will know the love of a family.

Finally, the government of Sonora has invited The Hope Effect to speak to all government attorneys in Mexico regarding family care in 2023. These attorneys are influential in bringing family care to their states in Mexico, and we fully anticipate additional opportunities for expansion in Mexico as a result of that conference. More to come!

Amazing things are happening in Sonora. We can't wait to share more stories of hope in 2023.

ESTEBAN'S STORY SONORA, MEXICO

Esteban was abandoned by his mother when he was just two years old. He was taken by the authorities in Sonora, Mexico, and placed into an orphanage, where he would remain for the next two years.

During this extremely formative time in his life, Esteban was without the love of a family. When he should have been learning how to form trusting relationships and bond with others in a family environment, Esteban was simply trying to survive. Esteban, like all children in institutional care, didn't receive the individual love and attention he needed to develop and thrive. But thankfully, Esteban's story doesn't end there.

When he was four years old, Esteban was welcomed into loving family care. It was amazing to watch Esteban grow and thrive within a family environment. He bonded quickly with his foster family, and it was clear he felt safe and loved.

Although Esteban initially struggled with anxiety, his confidence increased every day. When he first entered family care, Esteban would only speak in a whisper. But after just a few weeks, he started talking...and even singing!

Thanks to the love of a family, Esteban has found his voice.

MICHOACÁN, MEXICO

BRINGING MORE HOPE TO MORELIA

The family care movement continues to grow in Michoacán, Mexico! Last year, The Hope Effect was invited by the government to pioneer family-style care in the capital city of Morelia. Since then, several children have been welcomed into family care and are thriving in loving families.

In June 2022, we signed our contract extension with the government of Michoacán, ensuring we will continue to provide family care in this state. We are thrilled the government understands the importance of family and wants a better future for the children of Michoacán.

In late 2022, we signed a partnership agreement with UNICEF (United Nations Children's Fund) in Morelia, Michoacán. UNICEF sought out a partnership with us as a result of our work in this location. The government contract extension and UNICEF partnership will allow for the expansion of family care in Michoacán in 2023.

With approximately 350 orphaned and vulnerable children under the age of 18 living in orphanages in Morelia, we believe we could see every child under age three living in a loving family within the next three years...and every orphanage in Morelia empty by the year 2030.

We are so grateful for the momentum in Michoacán, and we can't wait to help even more orphaned and vulnerable children find loving families.

CAMILA'S STORY MICHOACÁN, MEXICO

Camila was abandoned by her mother and placed into an orphanage when she was just two months old. At that time, the only legal option in Michoacán was institutional care.

While the orphanage met Camila's basic physical needs, institutional care is extremely harmful to children in the long run. There is clear and compelling research on the damaging physical, emotional, and psychological effects of institutional orphan care.

Thankfully, there was a better option for Camila! When she was two years old, our team in Morelia found a loving family to open their home and hearts to this beautiful little girl.

Camila was placed into family-style care, and she immediately began to thrive. She learned to trust her foster family, developing a sense of safety and security. She reached new developmental milestones and became more confident in her abilities. Her physical health also improved as she grew several inches and gained weight thanks to the care and nutrition she was receiving.

Through the love of a family, Camila grew stronger...both physically and emotionally.

CHIHUAHUA, MEXICO

EXPANDING FAMILY CARE FARTHER, FASTER

There are approximately 1,500 children living in institutions in the city of Chihuahua. And until a few years ago, institutional care was the only legal option for these kids. But we know this type of environment has damaging physical, developmental and psychological effects. We know children belong in families.

That's why in Chihuahua, we are helping the family care movement expand even farther. In 2019, we began working alongside our experienced partner organization, Familia LightShine, to increase their ability to provide family care in Chihuahua. Since then, the movement has grown tremendously!

In our first two years of partnership, we significantly increased the capacity to provide family care in Chihuahua, growing from 15 to 96 foster families. And since 2019, we've helped more than 125 orphaned and vulnerable children in Chihuahua get out of orphanages and into families.

In fact, our work in Chihuahua has been so successful that governments in other states in Mexico have started implementing family-style care! We are thrilled that so many children in Chihuahua (and beyond!) now have hope for the future through the love of a family.

NOEMI AND SARA'S STORY CHIHUAHUA, MEXICO

Like many orphaned and vulnerable children, Noemi and Sara experienced trauma at a young age. The sisters were removed from their home because they weren't being properly cared for. Their parents struggled with drug addiction – even using drugs in the presence of the children – and the girls were being neglected.

When authorities arrived, Noemi and Sara were severely malnourished and underweight. It was clear they had a long road ahead of them...and it was just as clear they needed the love of a family.

Thankfully, Noemi and Sara were recently welcomed into loving family care. Initially, they both struggled to overcome the pain and trauma of their past. Noemi, the older sister, was afraid to be alone and wanted to be held all the time. And both sisters had developmental delays as a result of being neglected.

But in a stable family environment, they began their journey to recovery. The girls made tremendous progress in just a few months, both physically and emotionally. They gained weight and reached new milestones as a result of the nutrition and care they received. In addition, they began to trust and bond with their foster family.

Although the girls' journey is far from over, we are so grateful they have found hope and healing through the love of a family.

SANTA ROSA, HONDURAS

HELPING MORE CHILDREN FIND LOVING FAMILIES

The Hope Effect has worked in Honduras since our organization was founded in 2015, and we have such a love for the people there. It's difficult to know with certainty exactly how many orphaned children are in Honduras, but it's clear there is a huge need. Recent estimates indicate that there are more than 150,000 orphaned and vulnerable children in this country.

We want these kids to know what it means to be part of a stable, loving family. That's why we are giving hope to children in Santa Rosa de Copán, Honduras.

In 2019, we formed a partnership with an experienced nonprofit organization in Santa Rosa, Legacy of Hope Foundation. Together, we have been on the leading edge of providing family-style care for orphaned and vulnerable children in Honduras. We implemented a family care pilot program in Santa Rosa to get more children in loving families.

The pilot program was completed at the end of 2022 and moved into the next phase of implementation. And as our contract with our partner organization, Legacy of Hope, comes to an end this year, we celebrate the amazing work we've been able to accomplish in Honduras through our partnership.

We are so thankful the children of Santa Rosa have hope for a brighter future through the love of a family.

NADIA AND JULIA'S STORY SANTA ROSA, HONDURAS

When sisters Nadia and Julia were first placed into family-style care, it was clear they had experienced difficulty and trauma. They were frail and afraid, and they didn't like to be held or hugged. They also didn't giggle or laugh like typical children their age.

Although they were now in a loving family, these little girls had been hurt before. They were not ready to trust, but their foster family did not give up. They immediately began to show the sisters the love and compassion they needed to find hope and healing.

As the weeks went by, the family noticed physical changes in both girls. Julia, the younger sister, could hold her neck up by herself and sit unassisted. The dark circles under Nadia's eyes faded, and the four-year-old's cheeks filled in as she began to gain weight.

And over time, the girls' emotional health improved as well. They began to bond with and trust their foster family. Nadia started to smile and laugh, and people would comment on how healthy and happy she looked.

Nadia and Julia continued their growth and healing during their time in family-style care. And when the sisters found a more permanent solution living with an extended family member, they already knew they were valued, cherished, and worthy of the love that every child needs and deserves.

BATTAMBANG, CAMBODIA

REUNITING FAMILIES IN CAMBODIA

There are approximately 17,000 children living in orphanages in Cambodia...but many of them don't fit the traditional definition of an orphan. The primary reasons for family separation in Cambodia are poverty and a prevailing view that orphanages provide an opportunity for advancement for children.

However, research indicates that three out of four children in Cambodian orphanages have at least one living parent or close family member who could care for them. But many families send their kids to orphanages thinking they will have safe shelter, nutritious food, and access to quality education. They often do not realize the dangers and damaging long-term effects of institutional care.

These children deserve to grow up knowing the love of a family. In 2022, we came alongside our experienced partners in Battambang, Cambodian Children's Trust, to get more children out of orphanages and into loving families.

In Battambang, we focus on reintegration (getting children out of institutional care and back into their families) and prevention (providing education and resources to keep more children with their families in the first place). In 2022:

- 1 child was reintegrated back to his biological family.
- 57 children and youth were provided with ongoing support after leaving an orphanage and being reunited with their family.
- 26 reintegration cases were successfully closed. (Cases are typically followed up for a minimum of 3 years and need to meet certain criteria.)
- 721 community members were reached in awareness campaigns that were conducted in schools and the community.

We look forward to sharing more stories of hope from Battambang in 2023!

CHANTHA'S STORY BATTAMBANG, CAMBODIA

Chantha, now 13, grew up in the jungle with her mother, father, and two younger siblings. Her father worked as a laborer in different provinces across Cambodia, but he did not earn enough to cover his children's education. In 2016, Chantha's parents placed her in an orphanage in Battambang, seven hours away from her home.

However, after she had been in the orphanage for several years, Chantha's father found out she had not been attending school. He learned his daughter was not happy, and he wanted to bring her home.

Chantha's family worked with our partner organization, Cambodian Children's Trust, to begin the reintegration process. Our team met with Chantha's family several times, ensuring they had the necessary support so child-family separation would not occur again. They also provided Chantha's father with supplies to begin his own agriculture business so he could support his family.

When Chantha returned home, she and her family were thrilled. At the same time, they realized how much school and social development she had missed while at the orphanage. Chantha's younger sister tutored her, helping her to catch up to her peers. Our partners provided Chantha and her siblings with the supplies they needed for school, and also ensured the family's house was structurally sound and able to provide safe shelter.

Since Chantha's reintegration, the family has continued to grow stronger. Thanks to his successful business, Chantha's father no longer requires support to send his children to school. Chantha's confidence has grown tremendously, and her studies have improved.

"I'm really happy that I am back living with my family," Chantha said. "I can go to school with my siblings and hang out with them, and my family is full of happiness."

CHIANG MAI, THAILAND

CHANGING LIVES IN CHIANG MAI

There are approximately 75,000 children living in orphanages in Thailand...but the reason for that may surprise you. The number one reason for family separation in Thailand is poverty. Research indicates that up to 95% of those 75,000 children have family who could care for them. Those families often send their children to orphanages thinking they'll have a better future.

In addition, more than 50% of private orphanages are unregistered, with no oversight from the social welfare department. This leaves children highly vulnerable to abuse, exploitation, and severe mental deficits.

The province of Chiang Mai is no exception, as there are an estimated 600 private orphanages in Chiang Mai alone. With our partners, Jojo's Sanctuary, we are getting more children out of orphanages and into loving families.

Through our Building Family Dreams program, we focus on reintegration and prevention. We facilitate the reintegration of children who are currently living in orphanages back into their loving families. And we provide education and resources to strengthen families and prevent them from surrendering their children to an orphanage in the first place.

Eighteen children from eight families are currently participating in the Building Family Dreams program. We are so thankful these children are growing up in loving families...where they belong!

GREGORY'S STORY CHIANG MAI, THAILAND

Gregory grew up in a village near Chiang Mai along with several siblings. His parents felt they could not afford to care for all of the children, so Gregory was sent to an orphanage as his parents tried to provide for the rest of the family. However, while Gregory's basic physical needs were met in the orphanage, he wasn't receiving what he needed most – the love of his family.

han

Thankfully, Gregory would not remain in the orphanage for long. When he had been in the orphanage for about a year, his parents heard about our work in Chiang Mai. Gregory's parents decided to bring him home from the orphanage and begin the process of strengthening their family through our program.

We are thrilled Gregory has been reunited with his parents and his siblings. Now, the family is working on developing and maintaining a healthy and strong family dynamic so they can stay together in the future.

Gregory's family has attended training workshops on topics such as healthy family dynamics, good nutrition, and financial management. In addition, they attend family field trips to local destinations like museums, waterfalls, and more. Those trips provide opportunities for children like Gregory to bond with their families after coming home from an orphanage.

We are so happy to report that Gregory and his family are thriving today!

FINANCIALS

OUR PROMISE TO DONORS: THE 100% MODEL

At The Hope Effect, we know that when you make a donation, you want your money to be used for the reason it was given. With every gift, you can choose to put 100% of the donation directly into a specific orphan care project – getting kids into families and providing quality nutrition, education, and health care. Or, you can choose to support the awesome team of people who work hard to make it happen – helping with our "behind the scenes" expenses.

OUR FINANCIAL PHILOSOPHY

We are so grateful for every gift we receive. We also know it's our responsibility to be good stewards of the donations our supporters generously give...and we don't take that lightly! Here are just a few of our general practices regarding finances:

- We have 10-12 months of operating expenses in the bank. In addition to ensuring financial stability, this allows us to move quickly when new opportunities arise.
- We raise 18-24 months of funding in advance before starting a new project. This allows us to have long-term success rather than short-term financial stress.

These practices allowed us to make positive ground and move forward over the last several years, even during the COVID-19 pandemic.

STATEMENT OF ACTIVITY

SUPPORT AND REVENUE	2022	2021	2020
PPP LOAN		\$24,700	\$15,600
INDIVIDUAL DONORS & FOUNDATIONS	\$540,323	\$383,732	\$313,731
INTEREST INCOME	\$631	\$1,141	\$1,218
TOTAL SUPPORT AND REVENUE	\$540,955	\$409,573	\$330,549
-			
EXPENDITURES			
PROGRAM SERVICES	\$430,853	\$379,678	\$282,291
GENERAL AND ADMINISTRATIVE	\$65,071	\$41,872	\$55,506
FUNDRAISING	\$34,994	\$28,171	\$24,108
TOTAL EXPENDITURES	\$530,919	\$449,721	\$361,905
REVENUE LESS EXPENSES	\$10,036	(\$40,148)*	(\$31,356)*

STATEMENT OF FINANCIAL POSITION

ASSETS	2022	2021	2020
CURRENT ASSETS			
BANK ACCOUNTS	\$301,805	\$311,307	\$354,872
OTHER CURRENT ASSETS	\$26,899	\$10,132	\$7,858
TOTAL CURRENT ASSETS	\$328,704	\$321,439	\$362,731
FIXED ASSETS	\$3,208	\$1,588	\$882
TOTAL ASSETS	\$331,912	\$323,027	\$363,612
LIABILITIES AND EQUITY CURRENT LIABILITIES			
CREDIT CARDS	\$4,046	\$5,781	\$7,146
OTHER CURRENT LIABILITIES	\$4,743	\$4,158	\$3,231
TOTAL LIABILITIES	\$8,788	\$9,939	\$10,377
EQUITY	\$323,124	\$313,088	\$353,236
TOTAL LIABILITIES AND EQUITY	\$331,912	\$323,027	\$363,612

*We raise 18-24 months of funding in advance before starting a project. Money raised in prior years is used to cover current expenses.

2022 GROWTH

FUNDRAISING TOTALS





AVERAGE ONE-TIME DONATION AMOUNT

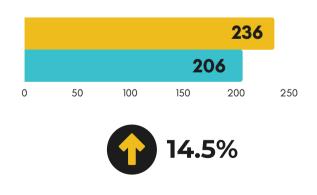




AVERAGE MONTHLY RECURRING GIFT AMOUNT



NUMBER OF RECURRING DONORS AT YEAR END



2022

2021

2022 STAFF

UNITED STATES



JOE DARAGO Executive Director Joe is the founder and executive director of The Hope Effect. Joe's journey into the orphan care world began more than 20 years ago when he and his wife adopted their daughter Sydney from Korea. Several years later, they adopted again, this time an older child from Thailand who spent the early part of her life in an institution. Joe has seen firsthand that children develop best when they are in a family environment, and he is passionate about seeing orphans cared for...not in institutions, but in families.

Hilary has more than 17 years of communications experience in various disciplines, including corporate and nonprofit communications, television and radio broadcasting, public speaking, and freelance writing. She is thankful she can combine her love of communications with her passion for helping kids find loving families. Hilary lives in Arizona with her husband and three wonderful sons.



HILARY PEELE Communications Director



CHRISTINE HERNANDEZ Financial Coordinator

Christine is thrilled to serve as the Financial Coordinator for The Hope Effect. She has a Bachelors in Accountancy from Arizona State University and worked as an accountant for a CPA firm before teaching Secondary Education. She is grateful for the opportunity to use her skills towards the vision and goal of The Hope Effect. Christine lives in Arizona with her husband and two beautiful daughters.

2022 STAFF

LATIN AMERICA



23

PEDRO BORGO MORENO

Director Sonora, Mexico



KARLA PALACIOS

Psychologist Sonora, Mexico



ANA LAURA GONZÁLEZ

Psychologist Sonora, Mexico



DANIEL MORENO GONZÁLEZ

Family Recruiter Sonora, Mexico



AZENETH FÉLIX

Information Specialist Sonora, Mexico

LATIN AMERICA (CONT.)



DANIELA GOMEZ DE LA CUEVA

Director Michoacán, Mexico



NERI PRISACK PICHARDO

Psychologist Michoacán, Mexico



SOFÍA SAUCEDO

Information Specialist Michoacán, Mexico



RODRIGO LOPEZ JIMÉNEZ

Psychologist Chihuahua, Mexico



LEIDY TRIGUEROS

Psychologist Santa Rosa, Honduras



ALEJANDRA CARBAJAL Staff Technical Advisor Latin America



ELIAB ROMERO Communications Director Latin America



GUSTAVO HERNÁNDEZ

Executive Assistant U.S. and Latin America

2022 STAFF

SOUTHEAST ASIA



25

CHANNA SORN

Social Worker Battambang, Cambodia



THO PAT Social Worker Battambang, Cambodia



SOPHEA NHOL

Social Worker Battambang, Cambodia



RATTANA "MIMI" CHOCKDUANGDEE

Counselor Chiang Mai, Thailand



NUTTAKARN "DONUT" CHUWONG

Family Development Liaison Chiang Mai, Thailand

ANNUAL REPORT

2022 BOARD MEMBERS



26

JOSHUA BECKER FOUNDER AND CHAIRMAN

Joshua Becker is an author, speaker, and philanthropist. He has written several bestselling books on minimalism, and his website Becoming Minimalist has more than one million readers each month. Inspired by his wife's experience being adopted, Joshua founded The Hope Effect in 2015.

2022 BOARD MEMBERS

JOE DARAGO

Executive Director, The Hope Effect

JILLIAN JOHNSRUD

Writer/Creator/Speaker, Montana Money Adventures

KATHRYN LINCOLN

Board Chair and Chief Investment Officer, Lincoln Institute of Land Policy

JEFF VAN EGDOM

Partner, Deloitte

DEBORA GARCIA, MD

Comprehensive Ophthalmologist and Cornea Specialist, Eye Institute at Boswell

BYRON K GRAYSON MMS PA-C

Owner, Allied Mobile Imaging

THE HOPE EFFECT

CHANGING THE WAY THE WORLD CARES FOR ORPHANS

www.hopeeffect.com