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Independent Accountants' Review Report

To the Board of Directors of
Hope and Comfort Inc.
(a nonprofit organization)

We have reviewed the accompanying financial statements of **Hope and Comfort Inc.**, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of income and retained earnings and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

BacalConniff Inc.

June 11, 2018

Hope and Comfort Inc.
Statements of Financial Position
December 31, 2017 and 2016

	<u>Assets</u>	
	<u>2017</u>	<u>2016</u>
<u>Current Assets</u>		
Cash	432,246	284,281
Investments - Endowment	57,969	20,000
Inventory	73,223	152,063
Prepaid expenses	2,819	-
Total current assets	<u>566,257</u>	<u>456,344</u>
<u>Property and Equipment</u>		
Office furniture	11,310	11,310
Accumulated depreciation	(5,090)	(2,828)
Total property and equipment	<u>6,220</u>	<u>8,482</u>
<u>Total Assets</u>	<u>572,477</u>	<u>464,826</u>
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
None		
<u>Unrestricted Net Assets</u>		
General Fund	489,508	444,826
<u>Temporarily Restricted Net Assets</u>		
Donor restricted funds	82,969	20,000
<u>Total Liabilities and Net Assets</u>	<u>572,477</u>	<u>464,826</u>

See independent accountants' review report and accompanying notes.

Hope and Comfort Inc.
Statements of Activities
For the Years Ended December 31, 2017 and 2016

	2017	2016
<u>Changes in Unrestricted Net Assets</u>		
Revenues:		
Contributions	330,852	341,742
In-kind contributions	93,992	71,958
Miscellaneous	1,318	3,462
Interest	795	-
Total Revenues	426,957	417,162
Expenses:		
Products to charity	181,979	333,480
Salaries and wages	81,548	72,254
Consultant fees	53,760	12,000
Rent	35,897	36,903
Payroll taxes	7,224	6,606
Health insurance	5,803	6,161
Professional fees	4,900	4,350
Miscellaneous expenses	4,229	3,527
Dues and subscriptions	3,305	3,177
Depreciation	2,262	2,262
Insurance	986	857
Marketing/Advertising	382	-
Total Expenses	382,275	481,577
Change in Unrestricted Net Assets	44,682	(64,415)
<u>Changes in Temporarily Restricted Net Assets</u>		
Revenues:		
Contributions	57,005	20,000
Unrealized gain on investments held	5,964	-
Total Revenues	62,969	20,000
<u>Change in Net Assets</u>	107,651	(44,415)
<u>Net Assets, Beginning</u>	464,826	509,241
<u>Net Assets, Ending</u>	572,477	464,826

See independent accountants' review report and accompanying notes.

Hope and Comfort Inc.
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>Cash Provided by/(Applied to) Operating Activities</u>		
Change in Net Assets	107,651	(44,415)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	<u>2,262</u>	<u>2,262</u>
Adjusted income to net cash	109,913	(42,153)
Changes in Operating Assets and Liabilities:		
Inventory - (increase)/decrease	78,840	258,518
Prepaid expenses	<u>(2,819)</u>	<u>0</u>
Net cash provided by operating activities	<u>185,934</u>	<u>216,365</u>
<u>Cash (Applied to) Investing Activities</u>		
Investments - Endowment	<u>(37,969)</u>	<u>(20,000)</u>
Net cash (applied to) investing activities	<u>(37,969)</u>	<u>(20,000)</u>
<u>Increase in Cash</u>	147,965	196,365
<u>Cash at Beginning of Year</u>	<u>284,281</u>	<u>87,916</u>
<u>Cash at End of Year</u>	<u><u>432,246</u></u>	<u><u>284,281</u></u>

See independent accountants' review report and accompanying notes.

Hope and Comfort Inc.
Notes to Financial Statements
December 31, 2017 and 2016

Note 1 - **Summary of Significant Accounting Policies**

Nature of Activities

The organization is a non-profit entity that was founded in 2011 and is engaged in providing access for the needy to basic and essential personal hygiene products.

Income Taxes

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

Contributed Services

The organization receives services contributed by numerous volunteers. The value of this donated time is not reflected in these statements since it is not susceptible to objective measurement or valuation. However, the fair value of services would be recognized if they would otherwise be purchased from the donor by the organization.

Financial Statement Presentation

The organization prepares its financial statements in accordance with Financial Accounting Standards Board of Accounting Standards Codification (FASB ASC) 958, Not-for-Profit Entities. Under ASC 958, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Note 2 - **Property and Equipment**

Fixed assets are recorded at cost if acquired by purchase or fair value if acquired by gift. Depreciation is recorded on the straight line basis over the estimated useful lives of the respective assets.

Note 3 - **Inventory**

Inventory is recorded at cost if acquired by purchase or fair market value if acquired by gift. Inventory consists of soap, shampoo and other personal hygiene products.

Hope and Comfort Inc.
Notes to Financial Statements
December 31, 2017 and 2016

Note 4 - **Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following funds restricted by donors:

	<u>2017</u>	<u>2016</u>
Endowment Fund	\$ 57,969	\$ 20,000
Restricted for purchase of shampoo	<u>25,000</u>	<u>-</u>
Total	<u>\$ 82,969</u>	<u>\$ 20,000</u>

Note 5 - **Concentrations of Credit Risk**

FASB ASC 825, Financial Instruments identifies deposits in excess of insured limits as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The Federal Deposit Insurance Corporation (FDIC) provides coverage up to \$250,000. As of December 31, 2017, the uninsured balance was \$18,990.

Note 5 - **Subsequent Events**

The organization has evaluated subsequent events through June 11, 2018, the date that the financial statements were available to be issued.