

HOPE AND COMFORT, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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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, 2016 and 2015, 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.

BacallConniff Inc.

June 15, 2017

Hope and Comfort Inc.
Statements of Financial Position
December 31, 2016 and 2015

<u>Assets</u>	<u>2016</u>	<u>2015</u>
<u>Current Assets</u>		
Cash	284,280	87,915
Investments - Endowment	20,000	-
Inventory	152,063	410,581
Total current assets	<u>456,343</u>	<u>498,496</u>
<u>Fixed Assets</u>		
Office furniture	11,310	11,310
Accumulated depreciation	(2,828)	(566)
Total fixed assets	<u>8,482</u>	<u>10,744</u>
 <u>Total Assets</u>	 <u><u>464,825</u></u>	 <u><u>509,240</u></u>
 <u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
None		
 <u>Unrestricted Net Assets</u>		
General Fund	444,825	509,240
 <u>Temporarily Restricted Net Assets</u>		
Endowment Fund	20,000	-
 <u>Total Liabilities and Net Assets</u>	 <u><u>464,825</u></u>	 <u><u>509,240</u></u>

See independent accountants' review report and accompanying notes.

Hope and Comfort Inc.
Statements of Activities
For the Years Ended December 31, 2016 and 2015

	2016	2015
<u>Changes in Unrestricted Net Assets</u>		
Revenues:		
Contributions	341,742	181,915
In-kind contributions	71,958	498,055
Miscellaneous	3,462	0
Total Revenues	417,162	679,970
Expenses:		
Products to charity	333,480	92,632
Salaries and wages	72,254	60,562
Rent	36,903	21,681
Professional fees	4,350	4,685
Consultant Fees	12,000	-
Health insurance	6,161	4,906
Payroll taxes	6,606	5,290
Depreciation	2,262	566
Fundraising	-	1,317
Website	-	3,600
Insurance	857	500
Miscellaneous	6,704	3,772
Total Expenses	481,577	199,511
Change in Unrestricted Net Assets	(64,415)	480,459
<u>Changes in Temporarily Restricted Net Assets</u>		
Revenues:		
Contributions	20,000	0
Change in Net Assets	(44,415)	480,459
<u>Net Assets, Beginning</u>	509,240	28,781
<u>Net Assets, Ending</u>	464,825	509,240

See independent accountants' review report and accompanying notes.

Hope and Comfort Inc.
Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Cash Provided by/(Applied to) Operating Activities</u>		
Change in Net Assets	(44,415)	480,459
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,262	566
Adjusted income to net cash	(42,153)	481,025
Changes in Operating Assets and Liabilities:		
Inventory - (increase)/decrease	258,518	(405,950)
Net cash provided by operating activities	<u>216,365</u>	<u>75,075</u>
<u>Cash (Applied to) Investing Activities</u>		
Investments - Endowment	(20,000)	-
Office furniture (In-kind contribution)	-	(11,310)
Net cash (applied to) investing activities	<u>(20,000)</u>	<u>(11,310)</u>
<u>Increase in Cash</u>	196,365	63,765
<u>Cash at Beginning of Year</u>	<u>87,915</u>	<u>24,150</u>
<u>Cash at End of Year</u>	<u><u>284,280</u></u>	<u><u>87,915</u></u>

See independent accountants' review report and accompanying notes.

Hope and Comfort Inc.
Notes to Financial Statements
December 31, 2016 and 2015

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

Nature of Activities

The organization is a privately funded 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. Generally, 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 is recognized when they would otherwise be purchased from the donor by the organization. During the year ended December 31, 2015, legal services in the amount of \$2,210 have been included in revenue as in-kind contributions and expenses as professional services on the Statements of Activities.

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 - **Fixed Assets**

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, 2016 and 2015

Note 4 - **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, 2016, there were no uninsured balances.

Note 5 - **Subsequent Events**

The organization has evaluated subsequent events through June 15, 2017, the date that the financial statements were available to be issued.