

**BLESSED BE HOPE FOR THREE, INC.**

**FINANCIAL STATEMENTS**

December 31, 2016

**BLESSED BE HOPE FOR THREE, INC.**

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Certified Public Accountants

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
Blessed Be Hope for Three, Inc.  
Stafford, Texas

We have reviewed the accompanying financial statements of Blessed Be Hope for Three, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash for the year 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 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.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. 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.

### Accountant's 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.

*KenWood & Associates, P.C.*

Sugar Land, Texas  
January 16, 2019

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**BLESSED BE HOPE FOR THREE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2016**

ASSETS

CURRENT ASSETS

Cash	\$ 180,419
Grants receivable	236,250

TOTAL CURRENT ASSETS	416,669
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PROPERTY AND EQUIPMENT, NET	10,630
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OTHER ASSETS	6,235
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TOTAL ASSETS	\$ 433,534
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued expenses	\$ 2,683
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NET ASSETS

Unrestricted	194,601
Temporarily restricted	236,250

TOTAL NET ASSETS	430,851
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TOTAL LIABILITIES AND NET ASSETS	\$ 433,534
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See accompanying notes to the financial statements and independent accountant's report.

**BLESSED BE HOPE FOR THREE, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2016**

	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT			
Grants	\$ -	\$ 264,416	\$ 264,416
Contributions	68,469	-	68,469
Program revenue	15,162	-	15,162
Fundraising events	55,784	-	55,784
TOTAL REVENUE AND OTHER SUPPORT	139,415	264,416	403,831
NET ASSETS RELEASED FROM RESTRICTIONS	197,166	(197,166)	-
TOTAL REVENUES AND OTHER SUPPORT	336,581	67,250	403,831
EXPENSES			
Program services	248,720	-	248,720
Supporting services			
Management and general	89,120	-	89,120
Fundraising	14,338	-	14,338
TOTAL EXPENSES	352,178	-	352,178
CHANGE IN NET ASSETS	(15,597)	67,250	51,653
NET ASSETS, BEGINNING OF YEAR	210,198	169,000	379,198
NET ASSETS, END OF YEAR	\$ 194,601	\$ 236,250	\$ 430,851

See accompanying notes to the financial statements and independent accountant's report.

**BLESSED BE HOPE FOR THREE, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2016**

	Supporting Services				Total
	Program	Management & General	Fundraising	Total supporting services	
Salaries	\$ 155,497	\$ 18,846	\$ -	\$ 18,846	\$ 174,343
Payroll taxes	10,966	14,297	-	14,297	25,263
Advertising	3,941	-	-	-	3,941
Conferences	-	278	-	278	278
Depreciation expense	-	2,522	-	2,522	2,522
Dues	-	1,025	-	1,025	1,025
Education	713	-	-	-	713
Equipment	-	1,744	-	1,744	1,744
Family assistance	55,292	-	-	-	55,292
Fees	-	9,830	-	9,830	9,830
Fundraising event	-	-	14,338	14,338	14,338
Insurance	-	1,484	-	1,484	1,484
Meals & entertainment	-	1,106	-	1,106	1,106
Miscellaneous	-	1,964	-	1,964	1,964
Newsletter & calendar	628	-	-	-	628
Office expenses	-	2,802	-	2,802	2,802
Postage	-	855	-	855	855
Print	615	1,961	-	1,961	2,576
Rent & utilities	-	28,445	-	28,445	28,445
Program events	20,907	-	-	-	20,907
Supplies	161	1,517	-	1,517	1,678
Training & development	-	358	-	358	358
Travel	-	86	-	86	86
<b>Total</b>	<b>\$ 248,720</b>	<b>\$ 89,120</b>	<b>\$ 14,338</b>	<b>\$ 103,458</b>	<b>\$ 352,178</b>

See accompanying notes to the financial statements and independent accountant's report.

**BLESSED BE HOPE FOR THREE, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Years Ended December 31, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 51,653
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	2,522
Changes in operating assets and liabilities:	
Grants receivable	(67,250)
Other assets	2,142
Accounts payable	-
Accrued expenses	<u>(2,365)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(13,298)</u>
NET DECREASE IN CASH	(13,298)
CASH, BEGINNING OF YEAR	<u>193,717</u>
CASH, END OF YEAR	<u><u>\$ 180,419</u></u>
SUPPLEMENTAL DISCLOSURES	
Noncash contributions	<u><u>\$ 4,693</u></u>

See accompanying notes to the financial statements and independent accountant's report.

**BLESSED BE HOPE FOR THREE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 1 – NATURE OF ACTIVITIES**

Blessed Be Hope for Three, Inc. (the “Organization”), a Texas nonprofit organization, was founded on December 6, 2010, and was approved as a 501(c)(3) entity on April 29, 2011. The purpose of the Organization is to bring awareness to the community on behalf of families with multiple children affected by autism and provide assistance with care costs to those families. Assistance may include, but is not limited to, education costs, medication costs, hospital fees, in-home care expenses, and special equipment.

The Organization is supported through contributions received from individuals, corporations and foundations, as well as fundraisers.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Organization’s financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**Basis of Presentation**

The Organization's financial statements are presented in accordance with Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 958-205-45-4, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958-205-45-4, the Organization is required to report information regarding its financial position and activities according to three classes of net assets.

Unrestricted net assets consist of net assets that are not subject to donor imposed restrictions.

Temporarily restricted net assets consist of net assets that are subject to donor imposed stipulations that require the passage of time or the occurrence of a specific event. When the purpose of the restriction is accomplished or the time restriction ends, temporarily restricted net assets are released to unrestricted net assets.

Permanently restricted net assets are subject to donor imposed stipulations that are maintained permanently.

In addition, the Organization is required by FASB ASC 958-205-45-4 to present a statement of cash flows.

**Revenue Recognition**

Generally, grants are recognized as revenues when earned. Grants that operate on a reimbursement basis are recognized on the accrual basis as revenues only to the extent of disbursements and commitments that are allowable for reimbursement. Revenues from



**BLESSED BE HOPE FOR THREE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

contributions, donations and other sources are recognized as unrestricted or temporarily restricted revenues when received or unconditionally promised by a third party. Revenues from special events are recognized when the events are held. Interest income is recognized when earned based on passage of time. Program income and other income are recognized when received.

**Contributions and Promises to Give**

In accordance with FASB ASC 958-605-45-3, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give cash or other assets are not recognized as revenues until received. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met in the fiscal year in which the contributions were recognized. All other donor-restricted contributions would be reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

The Organization uses the allowance method to determine uncollectible grant and promise to give receivables. The allowance is based on management's analysis of specific promises made. The Organization considers all grants and promises to give receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

**Contributed Services and Facilities**

The Organization recognizes contributed services at their fair value if the services provide value to the Organization and require specialized skills, are provided by individuals possessing those skills, and would have been purchased if not provided by contributors, as established by FASB ASC 958-605-25-26. Contributed professional services amounted to \$1,500 for the year ended December 31, 2016.

**Donations**

Donations are recorded as contributions at fair value at the date of donation. Such donations are reported as unrestricted net assets unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

**BLESSED BE HOPE FOR THREE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

The Organization considers all monies in banks and highly liquid investments with maturities of three months or less from the date of purchase to be cash and cash equivalents. The carrying values of any cash and cash equivalents are deemed to approximate their fair values because of the short maturities of those financial instruments.

**Property and Equipment**

The Organization capitalizes all expenditures for property and equipment in excess of \$500. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the estimated fair market value on the date of receipt. Depreciation of property and equipment is recorded on the straight-line method based on the estimated useful lives ranging from 5 to 7 years. Maintenance and repairs are charged to operations when incurred. Major improvements and renewals that extend the life of the asset are capitalized.

**Functional Allocation of Expenses**

Expenses are categorized in the Statement of Activities as program services, fundraising and management and general. The Organization's expenses are allocated on a functional basis among these benefited categories.

Program service expenses include direct and indirect (allocated) expenses for the various programs offered by the Organization. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses, that are common to several functions, are allocated to program services by various reasonable bases.

Fundraising expenses represent costs incurred in connection with fundraising efforts. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**Income Taxes**

The Organization is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code ("Code") and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization did not conduct any unrelated business activities in the current fiscal year. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements.

**BLESSED BE HOPE FOR THREE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Organization applies the provisions of FASB ASC Topic 740, *Income Taxes*, (formerly FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109*), which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transition.

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. The significant estimates included in the financial statements are the estimates of useful lives used for depreciating property and equipment items.

**Fair Value of Financial Instruments**

ASC 820, *Fair Value Measurements and Disclosures* (formerly SFAS 157), defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, establishes a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

The valuation techniques required by ASC 820 are based upon observable and unobservable inputs, and ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 - Inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Significant unobservable inputs that are supported by little or no market activity.

**BLESSED BE HOPE FOR THREE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

All cash and cash equivalents held by the organization as of December 31, 2016 were Level I. The asset's or liability's fair value measurement level 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 are to maximize the use of observable inputs and minimize the use of unobservable inputs.

**Management's Review**

The Organization's management has evaluated subsequent events through November 29, 2018, which is the date the financial statements were available to be issued.

**NOTE 3 – GRANTS RECEIVABLE**

Grants receivable consist of the following as of December 31, 2016:

	2016
The George Foundation	\$ 125,000
Fred & Mabel Parks Foundation	20,000
Henderson Wessendorff Foundation	50,000
The Children's Fund	40,000
Youth in Philanthropy - George Foundation	1,250
	\$ 236,250

All grants receivables are collectible within the next fiscal year.

**NOTE 4 – LEASE OBLIGATIONS**

The Organization leases office space and equipment with various terms. Office rent expense and equipment rental expense were \$20,512 and \$1,744, respectively for the year ended December 31, 2016.

Future minimum payments over the remainder of the agreements as of December 31, 2016 are as follows:

2017	\$ 23,025
2018	23,626
2019	2,313
Property and equipment, net	\$ 48,964

**BLESSED BE HOPE FOR THREE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 5 – FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the schedule of functional expenses. Expenses are categorized in the statement of activities as either (1) program services, (2) general and administrative, or (3) fundraising expenses. Expenses that are specifically identifiable to a function are allocated entirely to that function. Expenses that are not specifically identifiable to a function are allocated based upon management's estimate of time and resources devoted to each function.

**NOTE 6 – CONCENTRATIONS OF CREDIT RISK**

All of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, are insured by the Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount (\$250,000), for each deposit insurance ownership category.

The Organization maintains its cash balances in two financial institutions. These balances are insured by the FDIC up to \$250,000. As of December 31, 2016, the Organization did not have any amounts not covered by FDIC insurance. The Organization has not experienced any losses in such accounts and believes the risk of future loss is mitigated by monitoring the balances and the financial institutions where the cash is deposited.

**NOTE 7 – PROPERTY AND EQUIPMENT**

At December 31, 2016, property and equipment consisted of the following:

Furniture and equipment	\$ 15,674
Accumulated depreciation	<u>(5,044)</u>
Property and equipment, net	<u><u>\$ 10,630</u></u>

For the year ended December 31, 2016, depreciation expense was \$2,522.

**NOTE 8 – CONCENTRATIONS**

The Organization is dependent on several sources of support and revenue. Grant funds from foundations provide approximately 65% of the Organization's support for the year ended December 31, 2016. Three foundations made up 91% of the Organization's grants receivable for the year ended December 31, 2016.

**BLESSED BE HOPE FOR THREE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 9 – UNRESTRICTED NET ASSETS**

As of December 31, 2016, the Organization had unrestricted net assets of \$194,601.

**NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS**

Temporary restricted net assets are available for the following purposes as of December 31, 2016:

	<u>2016</u>
Operations	\$ 140,000
Salaries and benefits	90,000
Family assistance	<u>6,250</u>
Total temporarily restricted net assets	<u>\$ 236,250</u>

Net assets released from donor restrictions by incurring expenses satisfying the purpose or time restrictions as of December 31, 2016 are as follows:

	<u>2016</u>
Operations	\$ 125,000
Salaries and benefits	40,000
Programs	21,300
Family assistance	<u>10,866</u>
Total temporarily restricted net assets	<u>\$ 197,166</u>