

BLESSED BE HOPE FOR THREE, INC.

Financial Statements

Year Ended December 31, 2021

BLESSED BE HOPE FOR THREE, INC.

FINANCIAL STATEMENTS

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited 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, 2021, 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 Blessed Be Hope for Three, Inc. as of December 31, 2021, and the changes in its 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 Blessed Be Hope for Three, Inc. and to meet our 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 Blessed Be Hope for Three, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 Blessed Be Hope for Three, Inc.'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 Blessed Be Hope for Three, Inc.'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.

Kenwood & Associates, P.C.

Sugar Land, Texas

July 29, 2022

BLESSED BE HOPE FOR THREE, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS

Cash	\$ 545,998
Grants receivable	331,371
Donor receivables	12,410
Property and equipment, net	11,772
Rent deposit	2,644
	2,644

TOTAL ASSETS	\$ 904,195
	904,195

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 27,633
Accrued expenses	11,196
Note payable	150,000
Deferred revenue	213,055
	213,055

Total liabilities	401,884
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Net Assets

Without donor restrictions	362,311
With donor restrictions	140,000
	140,000

Total net assets	502,311
	502,311

TOTAL LIABILITIES AND NET ASSETS	\$ 904,195
	904,195

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

BLESSED BE HOPE FOR THREE, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Grants	\$ -	\$ 342,144	\$ 342,144
Contributions	150,412	-	150,412
Program revenue	650	-	650
Fundraising events	211,844	20,000	231,844
Interest Income	5	-	5
TOTAL REVENUE AND OTHER SUPPORT	<u>362,911</u>	<u>362,144</u>	<u>725,055</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>372,144</u>	<u>(372,144)</u>	<u>-</u>
TOTAL REVENUES AND OTHER SUPPORT	735,055	(10,000)	725,055
EXPENSES			
Program services	424,081	-	424,081
Supporting services			
Management and general	96,952	-	96,952
Fundraising	157,005	-	157,005
TOTAL EXPENSES	<u>678,038</u>	<u>-</u>	<u>678,038</u>
CHANGE IN NET ASSETS	57,017	(10,000)	47,017
NET ASSETS AT BEGINNING OF YEAR	<u>305,294</u>	<u>150,000</u>	<u>455,294</u>
NET ASSETS AT END OF YEAR	<u>\$ 362,311</u>	<u>\$ 140,000</u>	<u>\$ 502,311</u>

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

BLESSED BE HOPE FOR THREE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Supporting Services				Total
	Program	Management & General	Fundraising	Total supporting services	
Salaries	\$ 125,084	\$ 37,525	\$ 45,864	\$ 83,389	\$ 208,473
Payroll taxes	9,958	2,987	3,651	6,638	16,596
Employee benefits	2,551	765	935	1,700	4,251
Contract services	14,291	26,543	13,476	40,019	54,310
Depreciation expense	2,317	695	850	1,545	3,862
Amortization expense	720	216	264	480	1,200
Dues	956	287	351	638	1,594
Education and awareness	15,816	-	-	-	15,816
Family assistance	163,655	-	-	-	163,655
Fees	485	153	5,670	5,823	6,308
Fundraising event	-	-	67,264	67,264	67,264
Insurance	639	192	234	426	1,065
Interest	-	4,487	-	4,487	4,487
Licenses	-	8,002	-	8,002	8,002
Meals & entertainment	460	138	169	307	767
Office expenses	7,731	2,329	2,834	5,163	12,894
Postage	73	22	27	49	122
Print	180	54	66	120	300
Professional fees	7,200	2,160	2,640	4,800	12,000
Rent & utilities	29,508	8,852	10,820	19,672	49,180
Program events	37,304	-	-	-	37,304
Supplies	1,153	345	423	768	1,921
Training & development	1,998	599	733	1,332	3,330
Travel	2,002	601	734	1,335	3,337
Total	\$ 424,081	\$ 96,952	\$ 157,005	\$ 253,957	\$ 678,038

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

BLESSED BE HOPE FOR THREE, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 47,017
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	5,062
Changes in operating assets and liabilities:	
Grants receivable	258,629
Donor receivables	(12,410)
Accounts payable	(6,689)
Accrued expenses	3,893
Deferred revenue	<u>(224,294)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 71,208
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	<u>(4,418)</u>
 NET INCREASE IN CASH	 66,790
 CASH, BEGINNING OF YEAR	 <u>479,208</u>
 CASH, END OF YEAR	 <u><u>\$ 545,998</u></u>
 SUPPLEMENTAL DISCLOSURES	
Interest paid during the year	<u><u>\$ 4,487</u></u>

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

BLESSED BE HOPE FOR THREE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

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 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.

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, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205-45, the Organization is required to report information regarding its financial position and activities according to two classes of net assets.

Net assets without donor restrictions: are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.

Net assets with donor restrictions: are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service unless the donor also has placed a time restriction on the use of the long-lived asset, in which case the release occurs over the term of the time restriction.

In addition, the Organization is required by FASB ASC 958-205-45 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 contributions, donations and other sources are recognized as without donor restrictions or with donor restrictions revenue 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 without donor restrictions, or with donor restrictions 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 net

BLESSED BE HOPE FOR THREE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

assets with donor restrictions if the restrictions are not met in the fiscal year in which the contributions were recognized. When a restriction expires, 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.

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.

Contributed Services - 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 958-605-25-16. Contributed professional services amounted to \$1,500 for the year ended December 31, 2021.

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.

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.

Donated Goods – Donated goods are recorded as contributions at fair value at the date of donation. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated assets to a specific purpose. The Organization reports expirations of donor restrictions when the related expense is recognized as the item is used.

Functional Allocation of Expenses - Expenses are categorized in the Statement of Activities as program services, fundraising, and management and general based on FASB Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Organization's expenses are allocated on a functional basis among these benefited categories. Salaries, depreciation, and related costs are allocated on the basis of estimated time and effort expended.

Program service expenses include direct and indirect (allocated) expenses for the various programs offered by the Organization. Expenses that can be identified with specific program services are allocated directly according to their natural expenditure classification.

BLESSED BE HOPE FOR THREE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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.

Management believes that functional expenses have been appropriately allocated for the year ended December 31, 2021.

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.

The Organization applies the provisions of FASB ASC Topic 740, *Income Taxes*, 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. Management 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.

Fair Value Measurement - In accordance with accounting principles generally accepted in the United States of America, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date (exit price). Accounting principles generally accepted in the United States of America characterize inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The three levels of the fair value hierarchy are as follows:

- Level 1 – Inputs represent quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that observable for the asset or liability, either directly or indirectly.
- Level 3 – Inputs that are not observable from objective sources.

All cash and cash equivalents held by the Organization as of December 31, 2021 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.

Recently Adopted or Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02 *Leases (Topic 842)* that amended the guidance on leases. The amendment improves transparency and comparability among entities by recognizing lease assets and lease liabilities on the statement of financial position and by disclosing key information about leasing arrangements

In response to the impact of the COVID-19 pandemic, the FASB issued ASU 2020-05 in June 2020 that permits not-for-profit entities that have not yet applied the new lease standard to implement the new rules for fiscal years beginning after December 15, 2021, and to interim periods within fiscal years beginning after December 15, 2022.

BLESSED BE HOPE FOR THREE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Various other accounting standards and interpretations have been issued with effective dates subsequent to December 31, 2021, Based on management’s review, it was determined that the ASUs will have no material effect on the Organization’s financial statements.

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in one financial institution. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2021, the Organization had \$166,614 in excess of the insured limits. The Organization has not experienced any losses in these bank accounts and management believes the risk of future loss is mitigated by monitoring the balances and the financial institution where the cash is deposited.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021 comprise the following:

Financial assets at December 31, 2021

Cash	\$ 545,998
Grants receivable	<u>331,371</u>
Total financial assets	877,369
Less donor-restricted assets subject to satisfaction of restriction and the passage of time	<u>102,055</u>
Total financial assets available for general expenditure	<u><u>\$ 775,314</u></u>

NOTE 4 – GRANTS RECEIVABLE

Grants receivable consist of the following as of December 31, 2021:

The George Foundation	\$140,000
Henderson Wessendorff Foundation	75,000
Department of Justice	<u>116,371</u>
Total grants receivable	<u><u>\$331,371</u></u>

All grants receivable are considered collectible, of which \$229,316 is expected to be collected during the year ending December 31, 2022.

BLESSED BE HOPE FOR THREE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 5 – PROPERTY AND EQUIPMENT

At December 31, 2021, property and equipment consisted of the following:

Furniture and equipment	\$ 34,689
Accumulated depreciation	(24,767)
Website	5,220
Software	3,600
Accumulated amortization	<u>(6,970)</u>
Property and equipment, net	<u>\$ 11,772</u>

For the year ended December 31, 2021, depreciation expense was \$3,862 and amortization expense was \$1,200.

NOTE 6 – NOTE PAYABLE

On May 15, 2020, the Organization received an Emergency Injury Disaster Loan (EIDL) offered by the Small Business Administration for \$150,000. The EIDL matures on May 15, 2050 and is payable in monthly installments of \$641 beginning May 15, 2021, including interest at 2.75%. The Balance of the loan was \$150,000 at December 31, 2021.

As of December 31, 2021, future principle payments on the note payable are as follows:

For the Year Ending December 31:	
2022	\$ 1,794
2023	3,662
2024	3,764
2025	3,869
2026	3,977
Thereafter	<u>132,934</u>
	<u>\$ 150,000</u>

NOTE 7 – NET ASSETS WITHOUT DONOR RESTRICTIONS

As of December 31, 2021, the Organization had net assets without donor restrictions of \$362,311 available to support programs and activities.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2021, the Organization had net assets with donor restrictions of \$140,000 available for operations.

Net assets released from donor restrictions by incurring expenses satisfying the purpose or time restrictions as of December 31, 2021 were as follows:

Operations	\$ 196,350
Salaries and benefits	75,000
Programs	78,294
Fundraising event	<u>22,500</u>
Total	<u>\$ 372,144</u>

BLESSED BE HOPE FOR THREE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 9 – LEASE OBLIGATIONS

The Organization leases office space and equipment with various terms. Office rent expense was \$38,716 for the year ended December 31, 2021. Equipment rental expense was \$4,497 for the year ended December 31, 2021.

Future minimum payments over the remainder of the agreements as of December 31, 2021 are as follows:

2022	\$ 12,223
2023	3,862
2024	<u>1,609</u>
Total	<u><u>\$ 17,694</u></u>

NOTE 10 – CONCENTRATIONS

The Organization is dependent on several sources of support and revenue. Grant funds from foundations provide approximately 47% of the Organization's support for the year ended December 31, 2021. Three foundations made up 100% of the Organization's grants receivable for the year ended December 31, 2021. The Organization is supported through contributions from other non-profit organizations and the general public in the Greater Houston area.

NOTE 11 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2021, an employee's relative and a board member's family were awarded family assistance in the amounts of \$3,320 and \$1,800. Members of the board of directors paid dues to the Organization totaling \$4,145 for the year ended December 31, 2021. Management believes that all required related party relationships are properly disclosed in the respective Form 990 tax return.

NOTE 12 – SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 29, 2022, the date the financial statements were available to be issued.

NOTE 13 – OTHER ITEMS

As a result of the spread of COVID-19 coronavirus and its many variations, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Organization. Management of the Organization is carefully monitoring the situation and continuing to evaluate its options during this time. However, the extent of the impact of COVID-19 on the Organization will depend on the impact it has on our donors, grantors, and employees, which is not predictable.