

BLESSED BE HOPE FOR THREE, INC.

Financial Statements

Year Ended December 31, 2020

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

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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KenWood & Associates, P.C.
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281-243-2300 Fax 281-243-2326 www.kenwoodpc.com

Opinion

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, 2020, 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.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the Organization adopted the amendment of an Accounting Standards Update as of and for the year ended December 31, 2020. Our opinion is not modified with respect to this matter.

KenWood & Associates, P. C.

Sugar Land, Texas
August 19, 2021

BLESSED BE HOPE FOR THREE, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2020

ASSETS

Cash	\$ 479,208
Grants receivable	590,000
Property and equipment, net	12,416
Rent deposit	<u>2,644</u>

TOTAL ASSETS	<u><u>\$ 1,084,268</u></u>
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LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 34,322
Accrued expenses	7,303
Note payable	150,000
Deferred revenue	<u>437,349</u>

Total liabilities	628,974
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Net Assets

Without donor restrictions	305,294
With donor restrictions	<u>150,000</u>

Total net assets	<u>455,294</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,084,268</u></u>
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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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Grants	\$ -	\$ 367,401	\$ 367,401
Contributions	128,338	-	128,338
Program revenue	18,944	-	18,944
Fundraising events	175,983	-	175,983
Interest Income	162	-	162
Gain on debt forgiveness of PPP and EIDL loans	68,830	-	68,830
	392,257	367,401	759,658
TOTAL REVENUE AND OTHER SUPPORT			
NET ASSETS RELEASED FROM RESTRICTIONS	482,901	(482,901)	-
TOTAL REVENUES AND OTHER SUPPORT	875,158	(115,500)	759,658
EXPENSES			
Program services	467,042	-	467,042
Supporting services			
Management and general	81,653	-	81,653
Fundraising	165,449	-	165,449
	714,144	-	714,144
TOTAL EXPENSES			
CHANGE IN NET ASSETS	161,014	(115,500)	45,514
NET ASSETS AT BEGINNING OF YEAR	144,280	265,500	409,780
NET ASSETS AT END OF YEAR	\$ 305,294	\$ 150,000	\$ 455,294

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, 2020

	Supporting Services				Total
	Program	Management & General	Fundraising	Total supporting services	
Salaries	\$ 163,814	\$ 51,725	\$ 80,024	\$ 131,749	\$ 295,563
Payroll taxes	12,782	3,898	6,163	10,061	22,843
Employee benefits	11,759	3,570	5,670	9,240	20,999
Contract labor	16,924	7,801	7,974	15,775	32,699
Depreciation expense	2,729	829	1,316	2,145	4,874
Amortization expense	958	290	462	752	1,710
Dues	714	217	344	561	1,275
Education and awareness	16,481	-	-	-	16,481
Family assistance	195,547	-	-	-	195,547
Fees	1,236	521	6,277	6,798	8,034
Fundraising event	-	-	37,212	37,212	37,212
Insurance	338	103	163	266	604
Meals & entertainment	388	322	187	509	897
Office expenses	3,986	1,210	1,924	3,134	7,120
Postage	131	40	63	103	234
Print	56	17	27	44	100
Professional fees	6,720	2,040	3,240	5,280	12,000
Rent & utilities	27,690	8,406	13,351	21,757	49,447
Program events	2,604	-	-	-	2,604
Supplies	1,053	320	507	827	1,880
Training & development	631	192	304	496	1,127
Travel	501	152	241	393	894
Total	\$ 467,042	\$ 81,653	\$ 165,449	\$ 247,102	\$ 714,144

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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 45,514
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	6,584
Gain on debt forgiveness of PPP and EIDL loans	(68,830)
Changes in operating assets and liabilities:	
Grants receivable	(409,466)
Prepaid expenses and other assets	4,925
Accounts payable	(2,605)
Accrued expenses	(10,939)
Deferred revenue	437,349
	437,349
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,532
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(3,600)
	(3,600)
NET CASH USED BY INVESTING ACTIVITIES	(3,600)
CASH FLOWS FROM FINANCING ACTIVITIES	
Borrowings on PPP and EIDL loans	68,830
Proceeds from long-term debt	150,000
	150,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	218,830
NET INCREASE IN CASH	217,762
CASH, BEGINNING OF YEAR	261,446
CASH, END OF YEAR	\$ 479,208
SUPPLEMENTAL DISCLOSURES	
Noncash contributions	\$ 13,667

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

BLESSED BE HOPE FOR THREE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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, 2020

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, 2020.

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.

Reclassifications - Certain accounts in the prior year financial statements have been reclassified to conform to the current year financial statement presentation. These reclassifications have no impact on previously reported beginning net assets or change in net assets.

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.

BLESSED BE HOPE FOR THREE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

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.

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, 2020.

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, 2020 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

During the year ended December 31, 2020, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which replaces most existing revenue recognition guidance for exchange transactions not specifically covered by other guidance. The core principle of the new guidance is that an entity should recognize revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for transferred goods or services and establishes a 5-step process to determine when performance obligations are satisfied, and revenue is recognized. This change in accounting principle was adopted on a modified retrospective basis. However, based on management’s analysis of the various provisions of the standard, there was no significant changes in the way the Organization

BLESSED BE HOPE FOR THREE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

recognizes revenue and the adoption of the new standard did not significantly impact the Organization's financial statements .

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. The guidance is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. Reporting entities could elect to adjust comparative periods and record the cumulative effect adjustment at the beginning of the earliest comparative period, or to not adjust comparative periods and record the cumulative effect adjustment at the effective date.

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.

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, 2020, the Organization had \$143,133 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, 2020 comprise the following:

Financial assets at December 31, 2020

Cash	\$ 479,208
Grants receivable	590,000
	1,069,208
Total financial assets	1,069,208
Less donor-restricted assets subject to satisfaction of restriction and the passage of time	362,349
	\$ 706,859

BLESSED BE HOPE FOR THREE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 – GRANTS RECEIVABLE

Grants receivable consist of the following as of December 31, 2020:

The George Foundation	\$ 290,000
Henderson Wessendorff Foundation	150,000
Department of Justice	<u>150,000</u>
	<u><u>\$ 590,000</u></u>

All grants receivable are considered collectible, of which \$227,651 is expected to be collected during the year ending December 31, 2021.

NOTE 5 – PROPERTY AND EQUIPMENT

At December 31, 2020, property and equipment consisted of the following:

Furniture and equipment	\$ 30,271
Accumulated depreciation	(20,905)
Website	5,220
Software	3,600
Accumulated amortization	<u>(5,770)</u>
Property and equipment, net	<u><u>\$ 12,416</u></u>

For the year ended December 31, 2020, depreciation expense was \$4,874 and amortization expense was \$1,710.

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, 2020.

As of December 31, 2020, future principle payments on the note payable are as follows:

For the Year Ending December 31:	
2021	\$ 1,101
2022	3,570
2023	3,670
2024	3,772
2025	3,877
Thereafter	<u>134,010</u>
	<u><u>\$ 150,000</u></u>

NOTE 7 – NET ASSETS WITHOUT DONOR RESTRICTIONS

As of December 31, 2020, the Organization had net assets without donor restrictions of \$305,294 available to support programs and activities.

BLESSED BE HOPE FOR THREE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2020, the Organization had net assets with donor restrictions of \$150,000 available for operations.

Net assets released from donor restrictions by incurring expenses satisfying the purpose or time restrictions as of December 31, 2020 were as follows:

Operations	\$ 232,000
Salaries and benefits	75,000
Programs	25,151
Family assistance	80,750
Fundraising event	<u>70,000</u>
Total	<u>\$ 482,901</u>

NOTE 9 – LEASE OBLIGATIONS

The Organization leases office space and equipment with various terms. Office rent expense was \$35,682 for the year ended December 31, 2020. Equipment rental expense was \$4,104 for the year ended December 31, 2020.

Future minimum payments over the remainder of the agreements as of December 31, 2020 are as follows:

2021	\$ 37,090
2022	12,223
2023	3,862
2024	1,609
Total	<u>\$ 54,784</u>

NOTE 10 – CONCENTRATIONS

The Organization is dependent on several sources of support and revenue. Grant funds from foundations provide approximately 48% of the Organization's support for the year ended December 31, 2020. Three foundations made up 100% of the Organization's grants receivable for the year ended December 31, 2020. 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

In 2020, the Organization contracted with a company owned by a board member for social media autism education and community awareness needs. Expenses totaled \$10,750. During the year ended December 31, 2020, two employees' families were awarded family assistance in the amounts of \$4,613 and \$9,000. Members of the board of directors paid dues to the Organization totaling \$2,385 for the year ended December 31, 2020. Required related party relationships are disclosed properly in the 2020 Form 990 tax return.

BLESSED BE HOPE FOR THREE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 12 – SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 19, 2021, the date the financial statements were available to be issued.

NOTE 13 – OTHER ITEMS

During March 2020, the World Health Organization declared a pandemic related to the COVID-19, the coronavirus outbreak, followed by the United States declaring a national emergency. As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Organization.

During 2020, the Organization received \$61,830 from the PPP loan program and \$7,000 from the Economic Injury Disaster Loan (“EIDL”) program, which were forgiven by the Small Business Administration in 2021. The Organization recorded the forgiven amount as other income during the year ended December 31, 2020. The Organization applied for an additional EIDL offered by the Small Business Administration and received \$150,000 (see Note 6).

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.