

# BLESSED BE HOPE FOR THREE, INC.

Financial Statements  
for the Year Ended December 31, 2015  
(with comparative totals for 2014)



# BLESSED BE HOPE FOR THREE, INC.

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## Table of Contents

Independent Auditors' Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 13

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Blessed Be Hope for Three, Inc.  
Stafford, 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, 2015, 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.

### **Auditors' 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.

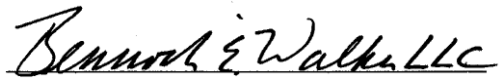
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**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, 2015, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Blessed Be Hope for Three, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 16, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Bennoch & Walker LLC  
Certified Public Accountants  
Houston, Texas

June 4, 2016

**BLESSED BE HOPE FOR THREE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2015 (with comparative totals for 2014)**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 193,717	\$ 189,971
Grants receivable	169,000	163,689
Prepaid expenses	1,653	10,000
Furniture and equipment, net	13,152	-
Other assets	<u>6,724</u>	<u>2,179</u>
<b>TOTAL ASSETS</b>	<u>\$ 384,246</u>	<u>\$ 365,839</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accrued expenses	<u>\$ 5,048</u>	<u>\$ 4,345</u>
Total Liabilities	<u>5,048</u>	<u>4,345</u>
Net Assets		
Unrestricted	210,198	179,626
Temporarily restricted	<u>169,000</u>	<u>181,868</u>
Total Net Assets	<u>379,198</u>	<u>361,494</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 384,246</u>	<u>\$ 365,839</u>

*The accompanying notes are an integral part of these financial statements.*

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

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative totals for 2014)

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	Unrestricted	Temporarily Restricted	2015 Total	2014 Total
Public Support and Revenues				
Grants	\$ 75,046	\$ 169,000	\$ 244,046	\$ 198,689
Contributions	124,708	-	124,708	61,758
In-kind contributions	22,343	-	22,343	39,342
Program revenue	109,066	-	109,066	122,592
Fundraising events	37,331	-	37,331	46,465
Less: costs of direct benefit to donors	(9,440)	-	(9,440)	(9,095)
Other Income	1,076	-	1,076	-
Total Public Support and Revenues	<u>360,130</u>	<u>169,000</u>	<u>529,130</u>	<u>459,751</u>
Net assets released from temporary restrictions	<u>181,868</u>	<u>(181,868)</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenues, and releases from temporary restrictions	<u>541,998</u>	<u>(12,868)</u>	<u>529,130</u>	<u>459,751</u>
Expenses				
Program expenses	<u>432,268</u>	<u>-</u>	<u>432,268</u>	<u>353,874</u>
Total Program Expenses	<u>432,268</u>	<u>-</u>	<u>432,268</u>	<u>353,874</u>
Supporting Services:				
Management and general	72,073	-	72,073	49,128
Fundraising	<u>7,085</u>	<u>-</u>	<u>7,085</u>	<u>7,182</u>
Total Supporting Services	<u>79,158</u>	<u>-</u>	<u>79,158</u>	<u>56,310</u>
Total Expenses	<u>511,426</u>	<u>-</u>	<u>511,426</u>	<u>410,184</u>
Change in Net Assets	30,572	(12,868)	17,704	49,567
Net Assets, Beginning of Year	<u>179,626</u>	<u>181,868</u>	<u>361,494</u>	<u>311,927</u>
NET ASSETS, END OF YEAR	<u>\$ 210,198</u>	<u>\$ 169,000</u>	<u>\$ 379,198</u>	<u>\$ 361,494</u>

*The accompanying notes are an integral part of these financial statements.*

**BLESSED BE HOPE FOR THREE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative totals for 2014)**

	Supporting Services			2015 Total	2014 Total
	Program	Management & General	Fundraising		
Salaries	\$ 161,097	\$ 28,102	\$ -	\$ 189,199	\$ 148,900
Payroll taxes	10,364	7,836	-	18,200	6,861
Advertising	1,335	-	-	1,335	1,702
Conferences	-	1,616	-	1,616	1,325
Depreciation expense	-	2,522	-	2,522	-
Dues	-	1,615	-	1,615	1,817
Education	5,397	-	-	5,397	1,494
Equipment	-	1,910	-	1,910	-
Family assistance	161,602	-	-	161,602	122,847
Fees	-	9,380	-	9,380	2,872
Fundraising event	-	-	6,306	6,306	6,285
In-kind	21,564	-	779	22,343	39,342
Insurance	-	1,483	-	1,483	827
Meals & entertainment	-	578	-	578	49
Miscellaneous	-	837	-	837	1,591
Newsletter & calendar	1,068	-	-	1,068	2,861
Office expenses	-	3,628	-	3,628	3,517
Postage	1,473	260	-	1,733	4,302
Print	1,000	1,832	-	2,832	590
Rent & utilities	27,269	4,812	-	32,081	7,200
Repairs & maintenance	-	-	-	-	994
Program events	35,545	-	-	35,545	46,190
Subscriptions	-	19	-	19	152
Supplies	4,554	3,343	-	7,897	3,607
Training & development	-	2,300	-	2,300	4,701
Travel	-	-	-	-	158
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 432,268</b>	<b>\$ 72,073</b>	<b>\$ 7,085</b>	<b>\$ 511,426</b>	<b>\$ 410,184</b>

*The accompanying notes are an integral part of these financial statements.*

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

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative totals for 2014)

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	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Change in net assets	<u>\$ 17,704</u>	<u>\$ 49,567</u>
Adjustments to reconcile change in net assets activities to net cash from operating:		
Depreciation	2,522	-
Change in operating assets and liabilities		
Grants receivable	(5,311)	(15,259)
Prepaid expenses	8,347	(10,000)
Other assets	(4,545)	(2,179)
Accrued expenses	<u>703</u>	<u>206</u>
Net Cash from Operating Activities	<u>19,420</u>	<u>22,335</u>
Cash Flows from Investing Activities		
Purchases of fixed assets	<u>(15,674)</u>	<u>-</u>
Net Cash from Investing Activities	<u>(15,674)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	3,746	22,335
Cash and Cash Equivalents, Beginning of Year	<u>189,971</u>	<u>167,636</u>
Cash and Cash Equivalents, End of Year	<u>\$ 193,717</u>	<u>\$ 189,971</u>

*The accompanying notes are an integral part of these financial statements.*



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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative totals for 2014)

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**NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Business** – 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.

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

**Financial Statement 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** – These are resources that are not subject to donor-imposed stipulations and can be used for the general operations of the Organization. As of December 31, 2015 and 2014, the Organization had \$210,198 and \$179,626, respectively, of unrestricted resources.

**Temporarily restricted net assets** – These are resources that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. As of December 31, 2015 and 2014, the Organization had \$169,000 and 181,868, respectively, of temporarily restricted resources.

**Permanently restricted net assets** – These are resources that are subject to donor restrictions requiring that the principal be held in perpetuity and any income thereon be used by the Organization. The Organization did not have any permanently restricted net assets as of December 31, 2015 and 2014.

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative totals for 2014)

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from 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 and \$1,300 for the years ended December 31, 2015 and 2014, respectively.

**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 as restricted by the donor.

The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative totals for 2014)

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**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 fair value at the date of donation. Property and equipment items are depreciated using the straight-line method based on their 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.

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.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative totals for 2014)

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**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.

All cash and cash equivalents held by the organization as of December 31, 2015 and 2014 were Level 1. 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.

**BLESSED BE HOPE FOR THREE, INC.**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative totals for 2014)

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**NOTE 2 – GRANTS RECEIVABLE**

Grants receivable consist of the following as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
The George Foundation	\$ 125,000	\$ 138,689
The Children's Fund	40,000	25,000
Ecolab Foundation	<u>4,000</u>	<u>-</u>
Total grants receivable	<u>\$ 169,000</u>	<u>\$ 163,689</u>

All grants receivables are collectible within the next fiscal year.

**NOTE 3 – LEASE OBLIGATIONS**

The Organization leased its office space under a non-cancelable lease agreement on February 1, 2015 that expires on January 31, 2018. The lease agreement terms are monthly rental payments of \$1,653, with specified rate increases beginning on February 1, 2016 and another on February 1, 2017. These periodic base rate increases are reflected in the future minimum lease payments below. In addition, the Organization leased office equipment under non-cancelable lease agreements on February 1, 2015 with monthly payments of \$170 that expire on February 1, 2019.

Future minimum payments over the remainder of the agreements as of December 31, 2015 are as follows:

<u>For the Years Ending December 31,</u>	<u>Amount</u>
2016	\$ 22,424
2017	23,025
2018	3,793
2019	170
2020	<u>-</u>
Total	<u>\$ 49,412</u>

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

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative totals for 2014)

**NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following specific program services and expenditures at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Operations	\$ 169,000	\$ 163,689
Family Assistance Coordinator Salary	<u>-</u>	<u>18,179</u>
Total temporarily restricted net assets	<u>\$ 169,000</u>	<u>\$ 181,868</u>

**NOTE 5 – CONCENTRATION OF CREDIT RISKS**

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, 2015 and 2014, the Organization had \$1,375 and \$16,578, respectively, that was 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 6 – PROPERTY AND EQUIPMENT**

As of December 31, 2015 and 2014, property and equipment consisted of the following:

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 15,674	\$ -
Less: Accumulated depreciation	<u>(2,522)</u>	<u>-</u>
Property and equipment, net	<u>\$ 13,152</u>	<u>\$ -</u>

Depreciation expense charged to operations for the years ended December 31, 2015 and 2014 was \$2,522 and \$0, respectively.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative totals for 2014)**

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**NOTE 7 – CONCENTRATIONS**

The Organization is dependent on several sources of support and revenue. Grant funds from three foundations provide approximately fifty-three percent (53%) and forty-three percent (43%) of the Organization's support for the years ended December 31, 2015 and 2014, respectively. Two foundations made up ninety-eight percent (98%) and one hundred percent (100%) of the Organization's grants receivable for the years ended December 31, 2015 and 2014, respectively.

**NOTE 8 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 4, 2016; the date financial statements were available to be issued. No change to the financial statements for the year ended December 31, 2015 is deemed necessary as a result of this evaluation.