

FINANCIAL STATEMENTS

HOPE CONNECTION INTERNATIONAL, INC.

December 31, 2017

HOPE CONNECTION INTERNATIONAL, INC.

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For the Year Ended December 31, 2017

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Hope Connection International, Inc.

We have reviewed the accompanying financial statements of Hope Connection International, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities and net assets – modified cash basis as of December 31, 2017, and the related statements of revenues, expenses and changes in net assets – modified cash basis and cash flows – modified cash basis 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 the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

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 the modified cash basis of accounting. 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 the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Hollingsworth Avent Averre & Purvis, PA

Raleigh, North Carolina
February 27, 2018

HOPE CONNECTION INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF ASSETS, LIABILITIES AND
NET ASSETS - MODIFIED CASH BASIS
December 31, 2017

ASSETS

Unrestricted cash	\$ 24,849
Furniture and equipment (less accumulated depreciation of \$1,196)	<u>1,153</u>
TOTAL ASSETS	<u>\$ 26,002</u>

LIABILITIES AND NET ASSETS

Payroll withholding	\$ <u>79</u>
Total Liabilities	79
 Net Assets - Unrestricted	 <u>25,923</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 26,002</u>

See accompanying notes and independent accountant's review report.

HOPE CONNECTION INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - MODIFIED CASH BASIS
For the Year Ended December 31, 2017

UNRESTRICTED NET ASSETS

Unrestricted revenues and support		
Gifts and contributions	\$	61,462
Thrift store sales		1,663
TOTAL UNRESTRICTED REVENUES AND SUPPORT		63,125
Net Assets Released From Restrictions		6,892
	TOTAL UNRESTRICTED REVENUES	70,017
Program Services		48,813
Supporting Services		
Administrative		749
Fundraising		4,970
Total Supporting Services		5,719
	TOTAL EXPENSES	54,532
	INCREASE IN UNRESTRICTED NET ASSETS	15,485

TEMPORARILY RESTRICTED NET ASSETS

Support		
Victim's sponsorships		6,892
Total Support		6,892
Net Assets Released from Restrictions		(6,892)
	INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	-
	INCREASE IN TOTAL NET ASSETS	15,485
NET ASSETS, beginning of year		10,438
NET ASSETS, end of year	\$	25,923

See accompanying notes and independent accountant's review report.

HOPE CONNECTION INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 15,485
Adjustments to reconcile change in net asset to net cash provided or used by operations	
Depreciation	861
Increase in payroll withholding	<u>56</u>
Net cash provided by operating activities	16,402
CASH FLOWS FROM INVESTING ACTIVITIES	
Equipment purchases	<u>(840)</u>
Net cash used in investing activities	<u>(840)</u>
NET INCREASE IN CASH	15,562
BEGINNING CASH BALANCE	<u>9,287</u>
ENDING CASH BALANCE	<u><u>\$ 24,849</u></u>

See accompanying notes and independent accountant's review report.

HOPE CONNECTION INTERNATIONAL, INC.
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Hope Connection International, Inc. is a multi-faceted recovery and prevention center that connects with non-profits worldwide to empower survivors of abuse and addiction by offering free support groups, classes, and sponsorships with tailored solutions, along with supportive, long term housing. The primary source of revenue for Hope Connection International, Inc. is tax-deductible gifts from individuals.

Principles of Consolidation

The accompanying financial statements present the consolidated financial results of and for the year ended December 31, 2017 of Hope Connection International, Inc. and its wholly owned subsidiary, Déjà vu Furniture and Home Décor, LLC, with all significant balances and transactions between the two entities eliminated.

Basis of Accounting

The consolidated financial statements of Hope Connection International, Inc. have been prepared on the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Under this method, revenues are recognized as received (rather than earned) and expenses are recognized as paid (rather than incurred). In-kind donations are not recorded as revenue and thrift shop inventory is recorded as revenue when sold, not when received. However, furniture and equipment are capitalized and presented on the statement of assets, liabilities and net assets – modified cash basis.

Basis of Presentation

The Organization follows the recommendations of the Financial Accounting Standard Board, which requires the reporting of information regarding its financial position and activities according to three classes as follows:

Unrestricted net assets -- Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets -- Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets -- Net assets subject to donor-imposed stipulation that they be maintained permanently by the Organization.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Expense Allocation

Certain costs, especially compensation, have characteristics related to programs, management/general and fundraising. Such costs have been allocated on the basis of periodic studies of time and expense. Management and general expenses include those expenses that are not directly identifiable with any other specific program, but provided for the overall support and direction of the Organization. Activities that meet the criteria for both fundraising and program expenditures are generally classified as fundraising.

HOPE CONNECTION INTERNATIONAL, INC.
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Restricted Cash

The Organization may receive contributions where the use of that money is restricted to activities specified by the contributor. When such money remains unspent at the end of a fiscal year, it is shown in the Statement of Financial Position as "restricted cash".

Cash

Cash includes demand deposits.

Property and Equipment

The Organization records fixed assets at cost and provides depreciation using primarily the straight line method over the estimated useful lives of the respective assets, which are as follows:

Furniture	7 years
Office computer	5 years

Total depreciation for all assets of the Organization was \$861 in 2017.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily unrestricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization in their mission including support groups and thrift store, but these services do not meet the criteria for recognition as contributed services.

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

The Organization is a not-for-profit entity that is exempt from income taxes under the provisions of section 501(c)(3) of the Internal Revenue Code, and is classified by the Internal Revenue Service as other than a private foundation.

Date of Management Evaluation

Management has evaluated subsequent events through February 27, 2018, the date on which the financial statements were available to be issued. Management has represented that it is not aware of any subsequent events that would result in the financial statements being materially misstated.

HOPE CONNECTION INTERNATIONAL, INC.
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
December 31, 2017

NOTE 2 – COMMITMENTS

The Organization leases office space on a month to month basis. They also lease space for their thrift store, which is a one-year lease. As of December 31, 2017, the Organization is obligated for future payments under this lease as follows:

For the year ended December 31, 2018	\$10,250
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Rent expense for 2017 amounted to \$12,600.