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Independent Auditors' Report

To the Board of Directors
Hope and Comfort Inc.
(a nonprofit organization)

We have audited the accompanying financial statements of **Hope and Comfort Inc.**, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities 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 of 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 financial statement presentation.

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

Independent Auditors' Report (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Hope and Comfort Inc.** as of December 31, 2015 and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The statement of financial position of **Hope and Comfort Inc.** as of December 31, 2014 and the related statements of activities and cash flows for the year then ended were compiled by us. As noted in our report on those financial statements dated May 12, 2015, we did not audit or review those financial statements and accordingly, we did not express an opinion or provide assurance about whether the financial statements were in accordance with accounting principles generally accepted in the United States of America..

Bacall Conniff, Inc.

May 9, 2016

Hope and Comfort Inc.
Statements of Financial Position
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash and cash equivalents	87,913	24,148
Inventory	<u>410,581</u>	<u>4,631</u>
Total current assets	<u>498,494</u>	<u>28,779</u>
<u>Fixed Assets</u>		
Office furniture	11,310	0
Accumulated depreciation	<u>(566)</u>	<u>0</u>
Total fixed assets	<u>10,744</u>	<u>0</u>
<u>Total Assets</u>	<u>509,238</u>	<u>28,779</u>
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
None		
<u>Unrestricted Net Assets</u>		
General Fund	<u>509,238</u>	<u>28,779</u>
<u>Total Liabilities and Net Assets</u>	<u>509,238</u>	<u>28,779</u>

See independent auditors' report and accompanying notes.

Hope and Comfort Inc.
Statements of Activities
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Changes in Unrestricted Net Assets</u>		
Revenues:		
Contributions	181,915	56,322
In-kind contributions	<u>498,055</u>	<u>7,930</u>
Total Revenues	<u>679,970</u>	<u>64,252</u>
Expenses:		
Products to charity	92,632	9,364
Salaries and wages	60,562	22,115
Rent	21,681	0
Payroll taxes	5,290	2,096
Health insurance	4,906	2,156
Professional fees	4,685	962
Website	3,600	930
Miscellaneous expenses	3,322	23
Development	817	140
Depreciation	566	0
Insurance	500	0
Fundraising	500	82
Bank and paypal fees	<u>450</u>	<u>270</u>
Total Expenses	<u>199,511</u>	<u>38,138</u>
Change in Unrestricted Net Assets	<u>480,459</u>	<u>26,114</u>
<u>Change in Net Assets</u>	480,459	26,114
<u>Net Assets, Beginning</u>	<u>28,779</u>	<u>2,665</u>
<u>Net Assets, Ending</u>	<u>509,238</u>	<u>28,779</u>

See independent auditors' report and accompanying notes.

Hope and Comfort Inc.
Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Cash Provided by/(Applied to) Operating Activities</u>		
Change in Net Assets	480,459	26,114
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	566	0
Changes in operating assets and liabilities		
Inventory - (increase)/decrease	<u>(405,950)</u>	<u>(4,631)</u>
Net cash provided by operating activities	<u>75,075</u>	<u>21,483</u>
<u>Cash Provided by/(Applied to) Investing Activities</u>		
Office equipment (In-kind contribution)	<u>(11,310)</u>	<u>0</u>
Net cash provided by/(applied to) investing activities	<u>(11,310)</u>	<u>0</u>
<u>Increase in Cash</u>	63,765	21,483
<u>Cash at Beginning of Year</u>	<u>24,148</u>	<u>2,665</u>
<u>Cash at End of Year</u>	<u><u>87,913</u></u>	<u><u>24,148</u></u>

See independent auditors' report and accompanying notes.

Hope and Comfort Inc.
Notes to Financial Statements
December 31, 2015 and 2014

Note 1- **Summary of Significant Accounting Policies**

Nature of Activities

The organization is a privately funded entity that was founded in 2011 and is engaged in providing access for the needy to basic and essential personal hygiene products.

Income Taxes

The organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Contributed Services

The organization receives services contributed by numerous volunteers. Generally, the value of this donated time is not reflected in these statements since it is not susceptible to objective measurement or valuation. However, the fair value of services is recognized when they would otherwise be purchased from the donor by the organization. During the year ended December 31, 2015, legal services in the amount of \$2,210 have been included in in-kind contributions and professional services on the Statements of Activities.

Financial Statements Presentation

The organization prepares its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 **Not-for-Profit Entities**. Under ASC 958, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2- **Cash and Cash Equivalents**

The organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Note 3 - **Fixed Assets**

Fixed assets are recorded at cost if acquired by purchase or fair market value if acquired by gift. Depreciation is recorded on the straight line basis over the estimated useful lives of the respective assets.

Hope and Comfort Inc.
Notes to Financial Statements
December 31, 2015 and 2014

Note 4 - **Inventory**

Inventory is recorded at cost if acquired by purchase or fair market value if acquired by gift. Inventory consists of soap, shampoo and other personal hygiene products.

Note 5- **Concentration of Credit Risk**

The organization maintains its accounts at one financial institution. The bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2015, there were no uninsured balances.

Note 6- **Subsequent Events**

The Company has evaluated subsequent events through May 9, 2016, the date that the financial statements were available to be issued.