

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

HIGH RISK HOPE, INC.

December 31, 2014 and 2013

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RIVERO, GORDIMER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
High Risk Hope, Inc.

We have audited the accompanying financial statements of High Risk Hope, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years 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 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 High Risk Hope, Inc. at December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2015, on our consideration of the Organization's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Buco, Indiner & Company, P.A." The signature is written in black ink and is positioned centrally below the text of the report.

Tampa, Florida
March 30, 2015

High Risk Hope, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31,

| | <u>2014</u> | <u>2013</u> |
|---|-------------------|------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 139,387 | \$ 65,447 |
| Pledge receivable (note B) | 1,000 | - |
| Program supplies (note C) | - | 13,598 |
| Prepaid expense | - | <u>103</u> |
| Total current assets | 140,387 | 79,148 |
| Equipment, net of accumulated depreciation (notes A3 and D) | <u>181</u> | <u>272</u> |
| TOTAL ASSETS | <u>\$ 140,568</u> | <u>\$ 79,420</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable and accrued expenses | <u>\$ 3,816</u> | <u>\$ -</u> |
| NET ASSETS - unrestricted (note A2) | | |
| Unrestricted | 136,752 | 77,817 |
| Temporarily restricted (note E) | <u>-</u> | <u>1,603</u> |
| Total net assets | <u>136,752</u> | <u>79,420</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 140,568</u> | <u>\$ 79,420</u> |

The accompanying notes are an integral part of these statements.

High Risk Hope, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2014

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-------------------|
| Public support and revenue | | | |
| Contributions | \$ 92,888 | \$ - | \$ 92,888 |
| Special events (note F) | 40,360 | - | 40,360 |
| Online store sales - net | 576 | - | 576 |
| Government grant | - | 5,000 | 5,000 |
| Total public support and revenue | <u>133,824</u> | <u>5,000</u> | <u>138,824</u> |
| Net assets released from restrictions | <u>6,603</u> | <u>(6,603)</u> | <u>-</u> |
| Total public support, revenue and net assets released from restrictions | <u>140,427</u> | <u>(1,603)</u> | <u>138,824</u> |
| EXPENSES | | | |
| Program expenses | <u>69,106</u> | <u>-</u> | <u>69,106</u> |
| Supporting services | | | |
| Management and general | 10,215 | - | 10,215 |
| Fundraising and development | 2,171 | - | 2,171 |
| Total supporting services | <u>12,386</u> | <u>-</u> | <u>12,386</u> |
| Total expenses | <u>81,492</u> | <u>-</u> | <u>81,492</u> |
| CHANGE IN NET ASSETS | 58,935 | (1,603) | 57,332 |
| Net assets at beginning of year | <u>77,817</u> | <u>1,603</u> | <u>79,420</u> |
| Net assets at end of year | <u>\$ 136,752</u> | <u>\$ -</u> | <u>\$ 136,752</u> |

The accompanying notes are an integral part of this statement.

High Risk Hope, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2013

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|------------------|
| Public support | | | |
| Contributions | \$ 37,322 | \$ 17,500 | \$ 54,822 |
| Special events (note F) | 23,548 | - | 23,548 |
| Total public support | <u>60,870</u> | <u>17,500</u> | <u>78,370</u> |
| Other revenue | 293 | - | 293 |
| Net assets released from restrictions | <u>15,897</u> | <u>(15,897)</u> | <u>-</u> |
| Total public support, revenue and net assets released from restrictions | <u>77,060</u> | <u>1,603</u> | <u>78,663</u> |
| EXPENSES | | | |
| Program expenses | <u>29,856</u> | <u>-</u> | <u>29,856</u> |
| Supporting services | | | |
| Management and general | 5,079 | - | 5,079 |
| Fundraising and development | 659 | - | 659 |
| Total supporting services | <u>5,738</u> | <u>-</u> | <u>5,738</u> |
| Total expenses | <u>35,594</u> | <u>-</u> | <u>35,594</u> |
| CHANGE IN NET ASSETS | 41,466 | 1,603 | 43,069 |
| Net assets at beginning of year | <u>36,351</u> | <u>-</u> | <u>36,351</u> |
| Net assets at end of year | <u>\$ 77,817</u> | <u>\$ 1,603</u> | <u>\$ 79,420</u> |

The accompanying notes are an integral part of this statement.

High Risk Hope, Inc.

STATEMENTS OF CASH FLOWS

For the year ended December 31,

| | <u>2014</u> | <u>2013</u> |
|--|-------------------|------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ 57,332 | \$ 43,069 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 91 | 91 |
| Increase in pledge receivable | (1,000) | - |
| Decrease (increase) in program supplies | 13,598 | (5,589) |
| Decrease (increase) in prepaid expenses | 103 | (103) |
| Increase in accounts payable and accrued expenses | 3,816 | - |
| Total adjustments | <u>16,608</u> | <u>(5,601)</u> |
| Net cash provided by operating activities | 73,940 | 37,468 |
| Cash at beginning of year | <u>65,447</u> | <u>27,979</u> |
| Cash at end of year | <u>\$ 139,387</u> | <u>\$ 65,447</u> |

The accompanying notes are an integral part of these statements.

High Risk Hope, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2014

| | Program Expenses | Management and General | Fundraising and Development | Total |
|--------------------------------|---------------------|------------------------------|-----------------------------------|------------------|
| Community projects | \$ 47,961 | \$ - | \$ - | \$ 47,961 |
| Contract services | 425 | 2,600 | - | 3,025 |
| Depreciation | - | 91 | - | 91 |
| Insurance | 391 | 391 | - | 782 |
| Miscellaneous | 1,025 | - | 50 | 1,075 |
| Organizational fees | - | 460 | - | 460 |
| PayPal fees | - | - | 536 | 536 |
| Rent | 14,352 | 756 | - | 15,108 |
| Supplies and postage | 1,739 | 3,068 | 1,536 | 6,343 |
| Travel and meetings expense | 41 | - | - | 41 |
| Volunteer expenses | 388 | 1,430 | - | 1,818 |
| Website hosting and technology | 2,784 | 1,419 | 49 | 4,252 |
| | <u>\$ 69,106</u> | <u>\$ 10,215</u> | <u>\$ 2,171</u> | <u>\$ 81,492</u> |

The accompanying notes are an integral part of this statement.

High Risk Hope, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2013

| | Program Expenses | Management and General | Fundraising and Development | Total |
|--------------------------------|---------------------|------------------------------|-----------------------------------|------------------|
| Community projects | \$ 23,500 | \$ - | \$ - | \$ 23,500 |
| Contract services | - | 2,040 | - | 2,040 |
| Depreciation | 45 | - | 46 | 91 |
| Organizational fees | - | 136 | - | 136 |
| PayPal fees | - | - | 140 | 140 |
| Rent | 5,979 | 315 | - | 6,294 |
| Supplies and postage | 228 | 354 | 473 | 1,055 |
| Telephone | - | 162 | - | 162 |
| Travel and meetings expense | 39 | - | - | 39 |
| Volunteer expenses | - | 1,098 | - | 1,098 |
| Website hosting and technology | 65 | 974 | - | 1,039 |
| | <u>\$ 29,856</u> | <u>\$ 5,079</u> | <u>\$ 659</u> | <u>\$ 35,594</u> |

The accompanying notes are an integral part of this statement.

High Risk Hope, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 and 2013

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Description of the Organization

High Risk Hope, Inc. (the "Organization") is a not-profit organization formed on February 16, 2011 to provide support, encouragement, information and resources to women and families who are experiencing a high risk pregnancy resulting in hospital bed rest, potential premature birth and neonatal intensive care after delivery.

The Organization prolongs high risk pregnancies and improves outcomes for premature infants by supporting patients admitted to the high risk obstetric and neonatal intensive care unit in the hospital, and is the only local or national non-profit organization providing these services. The Organization reaches over 1,200 patients annually at local hospitals, where babies are born healthier and their families' hospital stays are more manageable because of the Organization's services.

Pursuant to a determination letter from the Internal Revenue Service, the Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

2. Basis of Accounting

The Organization follows the provisions of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") and the standards of financial reporting for not-for-profit organizations as described in the American Institute of Certified Public Accountants' *Audit and Accounting Guide, Not-for-Profit Entities*. Accordingly, the financial statements are prepared on an accrual basis of accounting. The financial statements of the Organization are the representation of management and include estimates of amounts and judgments it believes are reasonable under the circumstances.

FASB ASC 958-205 establishes standards for general purpose external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities and changes in net assets, and a statement of cash flows.

FASB ASC 958-605 requires the Organization to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributed services meeting certain criteria at fair value. These financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

High Risk Hope, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2014 and 2013

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- Unrestricted net assets - not subject to donor-imposed restrictions or the donor-imposed restrictions have expired.
- Temporarily restricted net assets - subject to donor-imposed stipulations that may or will be fulfilled by actions of the Organization to meet the stipulations or become unrestricted by the passage of time.
- Permanently restricted net assets - subject to donor-imposed stipulations that they be retained and invested permanently by the Organization. Currently the Organization has no permanently restricted net assets.

3. Equipment

Equipment is stated at cost or fair value at the date of donation. Depreciation is calculated using the straight-line method over an estimated useful life of five years. The Organization capitalizes asset acquisitions exceeding \$400.

4. Donated Goods and Services

Donations of in-kind items used by the Organization are recorded as contributions and as assets or expenses to the extent that an objective basis is available to measure the value of such items.

Contributed facilities are recorded as contributions and as assets or expenses at their fair value, to the extent they create or enhance nonfinancial assets or require specialized skills, are provided by individuals or organizations possessing these skills, and would typically need to be purchased if not provided by donations. The Organization had approximately \$15,100 and \$6,300 of contributed facilities for the years ended December 31, 2014 and 2013, respectively, related to the donated use of office space.

Approximately \$3,600 and \$5,300 of contributed goods for the years ended December 31, 2014 and 2013, respectively, relate to donated products included in Bed Rest Baskets and NICU Napsacks. Organization volunteers assemble and deliver Bed Rest Baskets to newly admitted long term high risk obstetric patients and NICU Napsacks to families of premature infants admitted to the neonatal intensive care unit. Both Bed Rest Baskets and NICU Napsacks provide personal items that are crucial to surviving a long term hospital stay, and are not supplied by hospitals or any other organizations.

A substantial number of volunteers have contributed a significant amount of time and services to the Organization's program, management and general and fundraising activities. However, these services have not been recognized in the financial statements since they do not meet the requirements of Financial Accounting Standards Board *Accounting Standards Codification* (FASB ASC) 958-605.

High Risk Hope, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2014 and 2013

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and services. Expenses that can be identified with a specific revenue and support service are allocated directly according to their natural expenditure classification.

NOTE B - PLEDGE RECEIVABLE

Pledge receivable represents an unconditional promise to give by a donor. The pledge receivable consisted of the following at December 31, 2014:

| | |
|---|-----------------|
| Total pledges | \$ 1,000 |
| Less allowance for uncollectible pledge | - |
| Less unamortized discount for present value | - |
| | <hr/> |
| Net pledge receivable | <u>\$ 1,000</u> |

Pledges receivable expected to be collected after December 31, 2014 are as follows:

Year ending December 31,:

| | |
|------|-----------------|
| 2015 | <u>\$ 1,000</u> |
|------|-----------------|

NOTE C - PROGRAM SUPPLIES

The Organization has \$-0- and \$13,598 of supplies for Bed Rest Baskets and NICU Napsacks at December 31, 2014 and 2013, respectively.

NOTE D - EQUIPMENT

Equipment consisted of the following at December 31,:

| | <u>2014</u> | <u>2013</u> |
|-------------------------------|---------------|---------------|
| Computer equipment | \$ 453 | \$ 453 |
| Less accumulated depreciation | <u>(272)</u> | <u>(181)</u> |
| | <u>\$ 181</u> | <u>\$ 272</u> |

High Risk Hope, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2014 and 2013

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets contain donor-imposed restrictions that expire upon the passage of time or once specific actions are undertaken by the Organization. The net assets are then released and reclassified to unrestricted support when these restrictions are satisfied. There was approximately \$0 and \$1,600 of temporarily restricted net assets at December 31, 2014 and 2013, respectively. These assets were restricted for NICU Napsacks and Bed Rest Basket supply expenses.

NOTE F - SPECIAL EVENTS

The Organization conducted special events, during the years ended December 31, 2014 and 2013 to benefit the Organization. Net special event revenue consisted of the following at December 31,:

| | <u>2014</u> | <u>2013</u> |
|---------------------------------|------------------|------------------|
| Event revenue | \$ 61,018 | \$ 34,012 |
| Direct expense | <u>20,658</u> | <u>10,464</u> |
| Net proceeds from special event | <u>\$ 40,360</u> | <u>\$ 23,548</u> |

NOTE G - INCOME TAX STATUS

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no income tax liability has been recorded in the financial statements. Management is not aware of any activities that would jeopardize the Organization's tax exempt status. The Organization is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. All tax years remain subject to examination by taxing authorities.

NOTE H - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring subsequent to December 31, 2014 as of March 30, 2015 which is the date the financial statements were available to be issued.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

HIGH RISK HOPE, INC.

December 31, 2014



RIVERO, GORDIMER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Directors
High Risk Hope, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of High Risk Hope, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Bruce, Gardner & Company, P.A." The signature is written in a cursive, flowing style.

Tampa, Florida
March 30, 2015