

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

HIGH RISK HOPE, INC.

December 31, 2016 and 2015

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

Member  
American Institute of 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, 2016 and 2015, 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, 2016 and 2015, 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.

*Bruce, Gardner & Company, P.A.*

Tampa, Florida  
February 24, 2017

High Risk Hope, Inc.  
 STATEMENTS OF FINANCIAL POSITION  
 December 31,

	2016	2015
<b>ASSETS</b>		
<b>ASSETS</b>		
Cash	\$ 263,819	\$ 217,972
Equipment, net of accumulated depreciation (notes A3 and B)	10,233	4,033
<b>TOTAL ASSETS</b>	<b>\$ 274,052</b>	<b>\$ 222,005</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 6,330	\$ 5,944
Total liabilities	6,330	5,944
<b>NET ASSETS (note A2)</b>		
Unrestricted	226,008	216,061
Temporarily restricted (note B)	41,714	-
	267,722	216,061
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 274,052</b>	<b>\$ 222,005</b>

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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue			
Contributions	\$ 159,032	\$ 53,750	\$ 212,782
Special events (note D)	53,129	-	53,129
Online store sales - net	2,144	-	2,144
Total public support and revenue	<u>214,305</u>	<u>53,750</u>	<u>268,055</u>
Net assets released from restrictions	<u>12,036</u>	<u>(12,036)</u>	<u>-</u>
Total public support, revenue and net assets released from restrictions	<u>226,341</u>	<u>41,714</u>	<u>268,055</u>
EXPENSES			
Program expenses	<u>165,739</u>	<u>-</u>	<u>165,739</u>
Supporting services			
Management and general	17,689	-	17,689
Fundraising and development	<u>32,966</u>	<u>-</u>	<u>32,966</u>
Total supporting services	<u>50,655</u>	<u>-</u>	<u>50,655</u>
Total expenses	<u>216,394</u>	<u>-</u>	<u>216,394</u>
CHANGE IN NET ASSETS	9,947	41,714	51,661
Net assets at beginning of year	<u>216,061</u>	<u>-</u>	<u>216,061</u>
Net assets at end of year	<u>\$ 226,008</u>	<u>\$ 41,714</u>	<u>\$ 267,722</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, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue			
Contributions	\$ 189,351	\$ -	\$ 189,351
Special events (note D)	65,447	-	65,447
Online store sales - net	1,980	-	1,980
Government grant	-	5,000	5,000
Total public support and revenue	<u>256,778</u>	<u>5,000</u>	<u>261,778</u>
Net assets released from restrictions	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
Total public support, revenue and net assets released from restrictions	<u>261,778</u>	<u>-</u>	<u>261,778</u>
EXPENSES			
Program expenses	<u>161,877</u>	<u>-</u>	<u>161,877</u>
Supporting services			
Management and general	12,891	-	12,891
Fundraising and development	7,701	-	7,701
Total supporting services	<u>20,592</u>	<u>-</u>	<u>20,592</u>
Total expenses	<u>182,469</u>	<u>-</u>	<u>182,469</u>
CHANGE IN NET ASSETS	79,309	-	79,309
Net assets at beginning of year	<u>136,752</u>	<u>-</u>	<u>136,752</u>
Net assets at end of year	<u>\$ 216,061</u>	<u>\$ -</u>	<u>\$ 216,061</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>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	<u>\$ 51,661</u>	<u>\$ 79,309</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,524	1,058
Decrease in pledge receivable	-	1,000
Increase in accounts payable and accrued expenses	<u>384</u>	<u>2,128</u>
Total adjustments	<u>1,908</u>	<u>4,186</u>
Net cash provided by operating activities	<u>53,569</u>	<u>83,495</u>
Cash flows from investing activities		
Purchase of fixed assets	<u>(7,722)</u>	<u>(4,910)</u>
Net cash used by investing activities	<u>(7,722)</u>	<u>(4,910)</u>
Net increase in cash	45,847	78,585
Cash at beginning of year	<u>217,972</u>	<u>139,387</u>
Cash at end of year	<u><u>\$ 263,819</u></u>	<u><u>\$ 217,972</u></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, 2016

	Program Expenses	Management and General	Fundraising and Development	Total
Community projects	\$ 92,666	\$ -	\$ -	\$ 92,666
Community awareness	1,351	611	670	2,632
Contract services	2,673	4,269	2,685	9,627
Depreciation	1,168	256	75	1,499
Insurance	474	1,823	-	2,297
Miscellaneous	46	12	66	124
Organizational fees	-	361	-	361
PayPal fees	-	-	1,860	1,860
Rent	22,991	954	-	23,945
Salaries and related expenses	34,990	4,833	19,509	59,332
Software	565	-	2,262	2,827
Supplies and postage	6,388	3,566	3,724	13,678
Travel and meetings expense	189	-	-	189
Volunteer expenses	143	-	-	143
Website hosting and technology	2,095	1,004	2,115	5,214
	<u>\$ 165,739</u>	<u>\$ 17,689</u>	<u>\$ 32,966</u>	<u>\$ 216,394</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, 2015

	Program Expenses	Management and General	Fundraising and Development	Total
Community projects	\$ 127,184	\$ -	\$ -	\$ 127,184
Community awareness	878	275	119	1,272
Contract services	296	3,047	948	4,291
Depreciation	56	896	106	1,058
Insurance	403	1,759	-	2,162
Miscellaneous	40	46	-	86
Organizational fees	-	236	39	275
PayPal fees	-	-	1,453	1,453
Rent	14,471	756	-	15,227
Salaries and related expenses	13,036	-	-	13,036
Software	583	-	2,330	2,913
Supplies and postage	2,723	4,024	2,399	9,146
Travel and meetings expense	503	-	-	503
Volunteer expenses	410	382	-	792
Website hosting and technology	1,294	1,470	307	3,071
	<u>\$ 161,877</u>	<u>\$ 12,891</u>	<u>\$ 7,701</u>	<u>\$ 182,469</u>

The accompanying notes are an integral part of this statement.

High Risk Hope, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

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 2,500 patients annually at regional 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, 2016 and 2015

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 \$20,350 and \$15,100 of contributed facilities for the years ended December 31, 2016 and 2015, related to the donated use of office space.

Approximately \$27,700 and \$91,100 of contributed goods for the years ended December 31, 2016 and 2015, 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, 2016 and 2015

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 - EQUIPMENT

Equipment consisted of the following at December 31,:

	<u>2016</u>	<u>2015</u>
Furniture and equipment	\$ 7,575	\$ 1,226
Computer equipment	<u>5,511</u>	<u>4,138</u>
	13,086	5,364
Less accumulated depreciation	<u>(2,853)</u>	<u>(1,331)</u>
	<u>\$ 10,233</u>	<u>\$ 4,033</u>

NOTE C - 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 they are expended.

	<u>2016</u>	<u>2015</u>
Johns Hopkins All Children's Hospital NICU Napsack Program	\$ 15,084	\$ -
Hoag Hospital Newport Beach Bed Rest Basket and NICU Napsack Programs	<u>26,630</u>	<u>-</u>
	<u>\$ 41,714</u>	<u>\$ -</u>

High Risk Hope, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2016 and 2015

NOTE D - SPECIAL EVENTS

The Organization conducted special events, during the years ended December 31, 2016 and 2015 to benefit the Organization. Net special event revenue consisted of the following at December 31,:

	<u>2016</u>	<u>2015</u>
Event revenue	\$ 77,394	\$ 85,842
Direct expense	<u>24,265</u>	<u>20,395</u>
Net proceeds from special event	<u>\$ 53,129</u>	<u>\$ 65,447</u>

NOTE E - 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. Tax years after 2013 remain subject to examination by federal and state authorities.

NOTE F - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring subsequent to December 31, 2016 as of February 24, 2017 which is the date the financial statements were available to be issued.

INDEPENDENT AUDITORS' COMMUNICATION WITH  
THOSE CHARGED WITH GOVERNANCE

HIGH RISK HOPE, INC.

December 31, 2016



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

Member  
American Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

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Kevin R. Bass                            James K. O'Connor  
Jonathan E. Stein  
Cesar J. Rivero, of Counsel  
Richard B. Gordimer, of Counsel

To the Board of Directors  
High Risk Hope, Inc.

We have audited the financial statements of High Risk Hope, Inc. (the "Organization") for the year ended December 31, 2016 and issued our report thereon dated February 27, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

*Significant Audit Findings*

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

There were no significant estimates nor particularly sensitive footnote disclosures included in the financial statements for the year ended December 31, 2016.

The financial statement disclosures are neutral, consistent and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.



Board of Directors  
High Risk Hope, Inc.  
Page Two

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 27, 2017.

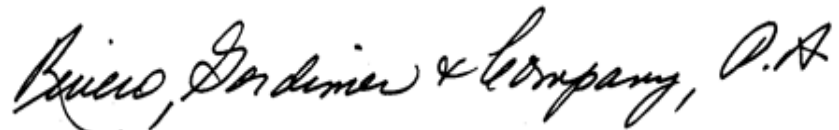
Management Consultations with Other Independent Auditors

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of the High Risk Hope, Inc. and is not intended, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Buco, Gordinier & Company, P.A." The signature is written in black ink and is positioned to the right of the typed text.

Tampa, Florida  
February 27, 2017