

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

HIGH RISK HOPE, INC.

December 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
High Risk Hope, Inc.

Opinion

We have audited the accompanying financial statements of High Risk Hope, Inc. (a nonprofit organization, the "Organization"), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of High Risk Hope, Inc. as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of High Risk Hope, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about High Risk Hope, Inc. ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

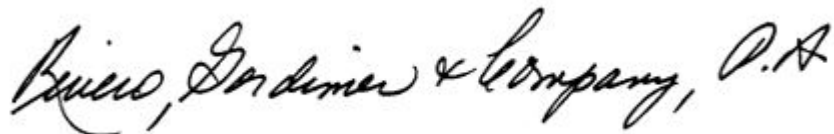
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 High Risk Hope's, Inc. internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about High Risk Hope's, Inc. ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Tampa, Florida
March 21, 2022

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

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

	2021	2020
ASSETS		
ASSETS		
Cash and cash equivalents (note A5)	\$ 574,977	\$ 380,682
Equipment, net of accumulated depreciation (notes A6 and C)	620	3,601
TOTAL ASSETS	\$ 575,597	\$ 384,283
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 13,627	\$ 3,151
Notes Payable (note G)	-	32,500
Total liabilities	13,627	35,651
NET ASSETS (note A2 and D)		
Without donor restrictions	561,970	330,332
With donor restrictions	-	18,300
	561,970	348,632
TOTAL LIABILITIES AND NET ASSETS	\$ 575,597	\$ 384,283

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, 2021

	<u>Net assets without donor restrictions</u>	<u>Net assets with donor restrictions</u>	<u>Total</u>
Public support and revenue			
Contributions	\$ 394,497	\$ -	\$ 394,497
Special events (note E)	-	-	-
Online store sales - net	853	-	853
Total public support and revenue	<u>395,350</u>	<u>-</u>	<u>395,350</u>
Other Revenue			
Other income (note G)	32,500	-	32,500
Interest	132	-	132
Total other revenue	<u>32,632</u>	<u>-</u>	<u>32,632</u>
Net assets released from restrictions - net	<u>18,300</u>	<u>(18,300)</u>	<u>-</u>
Total public support, revenue and net assets released from restrictions	<u>446,282</u>	<u>(18,300)</u>	<u>427,982</u>
EXPENSES			
Program expenses	173,430	-	173,430
Supporting services			
Management and general	22,163	-	22,163
Fundraising and development	19,051	-	19,051
Total supporting services	<u>41,214</u>	<u>-</u>	<u>41,214</u>
Total expenses	<u>214,644</u>	<u>-</u>	<u>214,644</u>
CHANGE IN NET ASSETS	231,638	(18,300)	213,338
Net assets at beginning of year	<u>330,332</u>	<u>18,300</u>	<u>348,632</u>
Net assets at end of year	<u>\$ 561,970</u>	<u>\$ -</u>	<u>\$ 561,970</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, 2020

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Public support and revenue			
Contributions	\$ 196,530	\$ -	\$ 196,530
Special events (note E)	44,628	-	44,628
Online store sales - net	<u>2,582</u>	<u>-</u>	<u>2,582</u>
Total public support and revenue	<u>243,740</u>	<u>-</u>	<u>243,740</u>
Other Revenue			
Interest	<u>652</u>	<u>-</u>	<u>652</u>
Total other revenue	<u>652</u>	<u>-</u>	<u>652</u>
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total public support, revenue and net assets released from restrictions	<u>244,392</u>	<u>-</u>	<u>244,392</u>
EXPENSES			
Program expenses	<u>182,829</u>	<u>-</u>	<u>182,829</u>
Supporting services			
Management and general	20,231	-	20,231
Fundraising and development	<u>32,241</u>	<u>-</u>	<u>32,241</u>
Total supporting services	<u>52,472</u>	<u>-</u>	<u>52,472</u>
Total expenses	<u>235,301</u>	<u>-</u>	<u>235,301</u>
CHANGE IN NET ASSETS	9,091	-	9,091
Net assets at beginning of year	<u>321,241</u>	<u>18,300</u>	<u>339,541</u>
Net assets at end of year	<u><u>\$ 330,332</u></u>	<u><u>\$ 18,300</u></u>	<u><u>\$ 348,632</u></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>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	<u>\$ 213,338</u>	<u>\$ 9,091</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,619	884
PPP loan forgiveness	(32,500)	-
Loss on disposal of asset	362	-
Increase (decrease) in accounts payable and accrued expenses	10,476	(5,776)
Total adjustments	<u>(19,043)</u>	<u>(4,892)</u>
Net cash provided by operating activities	<u>194,295</u>	<u>4,199</u>
Cash flows from financing activities		
Proceeds from note payable- PPP	<u>-</u>	<u>32,500</u>
Net increase in cash and cash equivalents	194,295	36,699
Cash and cash equivalents at beginning of year	<u>380,682</u>	<u>343,983</u>
Cash and ash equivalents at end of year	<u><u>\$ 574,977</u></u>	<u><u>\$ 380,682</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, 2021

	Program Expenses	Management and General	Fundraising and Development	Total
Community projects	\$ 39,546	\$ -	\$ -	\$ 39,546
Community awareness	-	500	-	500
Contract services	1,063	7,000	3,593	11,656
Depreciation	-	2,619	-	2,619
Hosted events	-	-	3,669	3,669
Insurance	3,785	775	657	5,217
Miscellaneous	-	3,196	-	3,196
Organizational fees	-	408	35	443
PayPal fees	-	-	486	486
Rent	36,542	2,115	-	38,657
Salaries and related expenses	85,426	4,117	5,765	95,308
Software	668	-	2,674	3,342
Supplies and postage	2,684	759	1,663	5,106
Travel and meetings expense	836	46	46	928
Website hosting and technology	2,880	628	463	3,971
	<u>\$ 173,430</u>	<u>\$ 22,163</u>	<u>\$ 19,051</u>	<u>\$ 214,644</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, 2020

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Community projects	\$ 23,976	\$ -	\$ -	\$ 23,976
Community awareness	15	-	25	40
Contract services	368	7,061	4,117	11,546
Depreciation	56	828	-	884
Hosted events	-	-	5,448	5,448
Insurance	4,674	834	636	6,144
Miscellaneous	1,375	583	538	2,496
Organizational fees	-	371	18	389
PayPal fees	-	307	610	917
Rent	41,401	2,004	-	43,405
Salaries and related expenses	105,292	5,791	17,218	128,301
Software	644	-	2,578	3,222
Supplies and postage	244	1,535	350	2,129
Travel and meetings expense	728	30	111	869
Volunteer expenses	330	148	-	478
Website hosting and technology	3,726	739	592	5,057
	<u>\$ 182,829</u>	<u>\$ 20,231</u>	<u>\$ 32,241</u>	<u>\$ 235,301</u>

The accompanying notes are an integral part of this statement.

High Risk Hope, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

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 non-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 accompanying financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Company as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of assets, liabilities, and net assets into two self-balancing net asset groups as follows:

- Without Donor Restrictions - Net assets without donor restrictions are net assets not subject to donor-imposed restriction or the donor-imposed restrictions have expired. These net assets are available for the use at the discretion of the Board of Directors and/or management for general operating purposes.
- With Donor Restrictions - Net assets with donor restrictions are net assets subject to donor-imposed stipulations that may be fulfilled by actions of SEDCO to meet the stipulations, that may become undesignated by the passage of time, or that require net assets to be permanently maintained, thereby restricting the use of principal.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

High Risk Hope, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

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

3. Liquidity

Assets and liabilities are presented in the accompanying statement of financial position according to their nearness of conversion to cash and, their maturity and resulting use of cash, respectively. See Note D for more information on liquidity and availability of assets.

4. Cash and cash equivalents

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

5. 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.

6. 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 \$33,500 and \$40,200 of contributed facilities from a board member for the years ended December 31, 2021 and 2020, related to the donated use of office space.

Approximately \$18,100 and \$9,800 of contributed goods for the years ended December 31, 2021 and 2020, 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, 2021 and 2020

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

7. Contributions

Contributions received are recorded as with or without donor restrictions, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

8. Functional Allocation of 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. Expenses that benefit multiple functional areas have been allocated across programs, general and administrative, and fundraising expenses based on the proportion of employee time involved.

NOTE B - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization has the following financial assets available within one year of the Statement of Financial Position for general expenditure at December 31,:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	<u>\$ 574,977</u>	<u>\$ 380,682</u>
Total financial assets available within one year	<u><u>\$ 574,977</u></u>	<u><u>\$ 380,682</u></u>
Less:		
Amounts unavailable for general expenditures within on year, due to:		
Restricted by donors with purpose restrictions	<u>\$ -</u>	<u>\$ 18,300</u>
Total financial assets available to mangement for expenditure within on year	<u><u>\$ 574,977</u></u>	<u><u>\$ 362,382</u></u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

High Risk Hope, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

NOTE C - EQUIPMENT

Equipment consisted of the following at December 31,:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 7,226	\$ 7,226
Computer equipment	<u>2,791</u>	<u>9,386</u>
	10,017	16,612
Less accumulated depreciation	<u>(9,397)</u>	<u>(13,011)</u>
	<u>\$ 620</u>	<u>\$ 3,601</u>

Depreciation expense was \$2,619 and \$884 for the years ended December 31, 2021 and 2020, respectively.

NOTE D - NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction 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. Net assets with donor restriction consisted of the following as of December 31,:

	<u>2021</u>	<u>2020</u>
Hoag Hospital Newport Beach Bed Rest Basket and NICU Napsack Programs	<u>\$ -</u>	<u>\$ 18,300</u>
	<u>\$ -</u>	<u>\$ 18,300</u>

High Risk Hope, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

NOTE D - NET ASSETS WITH DONOR RESTRICTION- Continued

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions are as follows for the years ended December 31,:

	<u>2021</u>	<u>2020</u>
Net assets released due to purpose restriction accomplished	\$ 18,300	\$ -
Net assets reclassified from time restriction	<u>-</u>	<u>-</u>
	<u>\$ 18,300</u>	<u>\$ -</u>

NOTE E - SPECIAL EVENTS

The Organization did not conduct special events for the year ended December 31, 2021. The organization conducted special events during the year ended December 31, 2020 to benefit the Organization. Net special event revenue consisted of the following at December 31,:

	<u>2021</u>	<u>2020</u>
Event revenue	\$ -	\$ 51,824
Direct expense	<u>-</u>	<u>7,196</u>
Net proceeds from special events	<u>\$ -</u>	<u>\$ 44,628</u>

NOTE F - 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 2018 remain subject to examination by federal and state authorities.

High Risk Hope, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

NOTE G - PAYCHECK PROTECTION PROGRAM

The Organization was granted loan forgiveness during the year ended December 31, 2021, as it fully met the requirements for loan forgiveness under the PPP program. The loan forgiveness of \$32,500 has been recognized as revenue in the Statement of Activities and Changes in Net Assets for the year ended December 31, 2021.

During the year ended December 31, 2020 the Organization received a \$32,500 U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP) loan for organization who continued to pay their employees during the COVID-19 pandemic. The organization can apply for loan forgiveness for the amount used for payroll and other specific costs outlined in the loan agreement for an eight or twenty-four week period following receipt of the loan proceeds. The Organization plans to file for forgiveness in accordance with the terms of the agreement and anticipates a significant portion being forgiven. Any debt not forgiven, or loan proceeds not returned, will turn into a term loan payable at 1% interest over two year.

NOTE H - RISK AND UNCERTAINTIES

In March 2020, the United States and global financial markets experienced significant volatility resulting from uncertainty caused by the world-wide coronavirus pandemic (COVID-19). General economic uncertainties have arisen that may impact future cash flows and changes in net assets as a result of the pandemic. The related financial impact cannot be reasonably estimated at this time.

NOTE I - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring subsequent to December 31, 2021 as of March 21, 2022 which is the date the financial statements were available to be issued.