

HOPE THROUGH HEALTH, INC.

Financial Statements

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

HOPE THROUGH HEALTH, INC.

Table of Contents

| | <u>Page</u> |
|-----------------------------------|-------------|
| Independent Auditors' Report | 1 - 2 |
| Financial Statements: | |
| Statements of Financial Position | 3 |
| Statements of Activities | 4 |
| Statements of Functional Expenses | 5 - 6 |
| Statements of Cash Flows | 7 |
| Notes to Financial Statements | 8 - 9 |

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INDEPENDENT AUDITORS' REPORT

**The Board of Directors
Hope Through Health, Inc.:**

Report on the Financial Statements

We have audited the accompanying financial statements of Hope Through Health, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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 audits. We conducted our audits 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 from 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 Organization'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 Organization'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 Hope Through Health, Inc. as of June 30, 2017 and 2016, 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
November 10, 2017

HOPE THROUGH HEALTH, INC.
 Statements of Financial Position
 June 30, 2017 and 2016

| <u>Assets</u> | <u>2017</u> | <u>2016</u> |
|-----------------------------------|--------------------|----------------------|
| Current assets: | | |
| Cash and equivalents | \$ 383,473 | 321,353 |
| Prepaid expenses | <u> -</u> | <u> 970</u> |
| Total current assets | <u>\$ 383,473</u> | <u>322,323</u> |
| <u>Liabilities and Net Assets</u> | | |
| Current liabilities: | | |
| Accounts payable | 2,198 | 2,312 |
| Accrued expenses | 8,268 | 4,440 |
| Deferred revenue | <u>15,293</u> | <u> -</u> |
| Total current liabilities | 25,759 | 6,752 |
| Unrestricted net assets | <u>357,714</u> | <u>315,571</u> |
| Total liabilities and net assets | <u>\$ 383,473</u> | <u>322,323</u> |

See accompanying notes to financial statements.

HOPE THROUGH HEALTH, INC.
 Statements of Activities
 Year ended June 30, 2017
 with comparative totals for 2016

| | <u>2017</u> | <u>2016</u> |
|--|--------------------------|-----------------------|
| Unrestricted revenue: | | |
| Contributions | \$ 975,548 | 735,880 |
| Contributed services | 204,925 | 97,310 |
| Interest income | 1,213 | 587 |
| Other income | 2,359 | 206 |
| Foreign exchange gain, net | <u>1,737</u> | <u>-</u> |
| Total unrestricted revenue | <u>1,185,782</u> | <u>833,983</u> |
| Unrestricted expenses: | | |
| Program services | 1,049,647 | 568,858 |
| Management and general | 44,748 | 25,862 |
| Fundraising | <u>49,244</u> | <u>59,409</u> |
| Total unrestricted expenses | <u>1,143,639</u> | <u>654,129</u> |
| Increase in unrestricted net assets | 42,143 | 179,854 |
| Unrestricted net assets at beginning of year | <u>315,571</u> | <u>135,717</u> |
| Unrestricted net assets at end of year | <u><u>\$ 357,714</u></u> | <u><u>315,571</u></u> |

See accompanying notes to financial statements.

HOPE THROUGH HEALTH, INC.
Statement of Functional Expenses
Year ended June 30, 2017
with comparative totals for 2016

| | <u>Supporting services</u> | | | <u>Totals</u> | |
|----------------------------------|-----------------------------|---------------------------------------|--------------------|------------------|----------------|
| | <u>Program services</u> | <u>Management and general</u> | <u>Fundraising</u> | <u>2017</u> | <u>2016</u> |
| Allocations to African affiliate | \$ 905,132 | - | - | 905,132 | 485,728 |
| Allocations to family planning | 12,945 | - | - | 12,945 | - |
| Personnel expenses | 104,675 | 5,155 | 34,691 | 144,521 | 110,901 |
| Travel and meetings | 26,895 | - | - | 26,895 | 23,595 |
| Accounting fees | - | 15,850 | - | 15,850 | 5,600 |
| Fundraiser overhead | - | - | 14,553 | 14,553 | 13,043 |
| Bank fees | - | 807 | - | 807 | 540 |
| Rent expense | - | 10,700 | - | 10,700 | 7,410 |
| Organizational expenses | - | 387 | - | 387 | 559 |
| Payroll processing fees | - | 586 | - | 586 | 846 |
| Professional fees | - | 4,265 | - | 4,265 | - |
| Insurance expense | - | 3,246 | - | 3,246 | 3,085 |
| Other office expenses | - | 3,752 | - | 3,752 | 2,822 |
| Total | <u>\$1,049,647</u> | <u>44,748</u> | <u>49,244</u> | <u>1,143,639</u> | <u>654,129</u> |

See accompanying notes to financial statements.

HOPE THROUGH HEALTH, INC.
Statement of Functional Expenses
Year ended June 30, 2016

| | Program services | <u>Supporting services</u> | | <u>Total</u> |
|----------------------------------|---------------------|-------------------------------------|--------------------|----------------|
| | | Management and <u>general</u> | <u>Fundraising</u> | |
| Allocations to African affiliate | \$ 485,728 | - | - | 485,728 |
| Personnel expenses | 59,535 | 5,000 | 46,366 | 110,901 |
| Travel and meetings | 23,595 | - | - | 23,595 |
| Accounting fees | - | 5,600 | - | 5,600 |
| Fundraiser overhead | - | - | 13,043 | 13,043 |
| Bank fees | - | 540 | - | 540 |
| Rent expense | - | 7,410 | - | 7,410 |
| Organizational expenses | - | 559 | - | 559 |
| Payroll processing fees | - | 846 | - | 846 |
| Insurance expense | - | 3,085 | - | 3,085 |
| Other office expenses | - | 2,822 | - | 2,822 |
| Total | <u>\$ 568,858</u> | <u>25,862</u> | <u>59,409</u> | <u>654,129</u> |

See accompanying notes to financial statements.

HOPE THROUGH HEALTH, INC.
Statements of Cash Flows
Years ended June 30, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|-------------------|----------------|
| Cash flows from operating activities: | | |
| Increase in net assets | \$ 42,143 | 179,854 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities - changes in: | | |
| Prepaid expenses | 970 | (470) |
| Accounts payable | (114) | (1,241) |
| Accrued expenses | 3,828 | 586 |
| Deferred revenue | <u>15,293</u> | <u>-</u> |
| Cash flows provided by operating activities | <u>62,120</u> | <u>178,729</u> |
| Net increase in cash | 62,120 | 178,729 |
| Cash at the beginning of the year | <u>321,353</u> | <u>142,624</u> |
| Cash at the end of the year | <u>\$ 383,473</u> | <u>321,353</u> |
| Supplemental schedules of non-cash operating activities: | | |
| In-kind revenue | <u>\$ 204,925</u> | <u>97,310</u> |
| In-kind expenses | <u>\$ 204,925</u> | <u>97,310</u> |

See accompanying notes to financial statements.

HOPE THROUGH HEALTH, INC.

Notes to Financial Statements

June 30, 2017 and 2016

(1) Summary of Significant Accounting Policies

(a) Nature of the Organization

Hope Through Health, Inc. (the Organization) is a nonprofit organization that provides support for health care to natives in West Africa. The Organization primarily provides healthcare to those affected by HIV/AIDS. The Organization is funded through individual donations and grants, and remits funds to health providers in Togo, West Africa. The Organization's office is located in New York, New York.

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America, the Organization reports 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. The Organization did not have any temporarily or permanently restricted net assets at June 30, 2017 and 2016. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designated by the Organization's governing board.

(d) Estimates

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

(e) Cash and Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(f) Contributions

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

HOPE THROUGH HEALTH, INC.
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Deferred Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenditures have been incurred in compliance with the grant restrictions. Amounts unspent are recorded in the statements of financial position as deferred revenue. Under the terms of various grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such questioned costs could lead to reimbursements to the grantor agencies. Management believes it would be able to provide support acceptable to the grantor and that any disallowances would not be material.

(h) Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(i) Subsequent Events

The Organization has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(j) Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Organization presently discloses or recognizes income tax positions based on managements estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Organization has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Organization are subject to examination by taxing authorities.

(k) Reclassifications

Reclassifications have been made to certain 2016 balances in order to conform them to the 2017 presentation.

(2) Concentration

Program services expenses of \$905,132 and \$485,728 for the years ended June 30, 2017 and 2016, respectively, consist of grants to Association Espoir Pour Demain, a non-profit Togolese organization operating medical facilities servicing people living with HIV/AIDS in Togo, West Africa. The Organization and Association Espoir Pour Demain have a partnership agreement. The agreement helps to promote accountability and transparency of how the funds are being spent in Togo, West Africa.