

HOPE AND COMFORT INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2024

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111 STATE STREET
BOSTON, MASSACHUSETTS 02109
TELEPHONE (617) 367-3250

Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of **Hope and Comfort Inc.**, which comprise the statements of financial position as of December 31, 2024 and 2023, 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 **Hope and Comfort Inc.** as of December 31, 2024 and 2023, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Hope and Comfort Inc.** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 **Hope and Comfort Inc.**'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditors' Report (continued)

Auditors' 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 auditors' 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 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 **Hope and Comfort Inc.**'s 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 **Hope and Comfort Inc.**'s 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.

BacallConniff Inc.

June 17, 2025

Hope and Comfort Inc.
Statements of Financial Position
December 31, 2024 and 2023

	<u>Assets</u>	
	<u>2024</u>	<u>2023</u>
<u>Current Assets</u>		
Cash	547,629	464,760
Inventory	10,073,441	1,186,905
Pledges receivable	200,000	-
Prepaid expenses	-	472
Total current assets	<u>10,821,070</u>	<u>1,652,137</u>
<u>Investments</u>	<u>2,581,962</u>	<u>2,237,556</u>
<u>Property and Equipment</u>		
Office furniture	25,789	25,789
Accumulated depreciation	<u>(25,789)</u>	<u>(25,641)</u>
Total property and equipment	<u>-</u>	<u>148</u>
<u>Other Assets</u>		
Security Deposit	57,638	12,555
Right-of-use asset (See Note 6)	<u>2,656,212</u>	<u>647,355</u>
Total other assets	<u>2,713,850</u>	<u>659,910</u>
<u>Total Assets</u>	<u>16,116,882</u>	<u>4,549,751</u>
 <u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts payable	1,644	68,925
Credit card payable	1,177	1,284
Accrued payroll	<u>1,414</u>	<u>852</u>
Total current liabilities	<u>4,235</u>	<u>71,061</u>
<u>Long-term Liabilities</u>		
Lease liability	<u>2,656,212</u>	<u>647,355</u>
Total liabilities	<u>2,660,447</u>	<u>718,416</u>
<u>Net Assets</u>		
Net assets without donor restrictions	12,482,507	3,278,288
Net assets with donor restrictions	<u>973,928</u>	<u>553,047</u>
Total net assets	<u>13,456,435</u>	<u>3,831,335</u>
<u>Total Liabilities and Net Assets</u>	<u>16,116,882</u>	<u>4,549,751</u>

See independent auditors' report and accompanying notes.

Hope and Comfort Inc.
Statements of Activities
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>Changes in Net Assets Without Donor Restrictions</u>		
Revenues and Transfers:		
Contributions	1,979,733	1,601,630
In-kind contributions	17,322,018	3,276,734
Released from restrictions	25,947	9,250
Miscellaneous (See Note 6)	191,733	2,166
Investment income	93,539	83,262
Total Revenues and Transfers	<u>19,612,970</u>	<u>4,973,042</u>
Functional Expenses:		
Products to charity	8,821,733	4,093,357
Salaries and wages	513,554	387,721
Rent	248,950	146,518
Consultant fees	247,105	92,000
Professional fees	128,572	122,902
Repairs and maintenance (See Note 6)	77,908	-
Information technology	54,178	49,087
Marketing/advertising	47,538	22,333
Health insurance	46,310	45,159
Warehousing	39,961	16,302
Payroll taxes	39,178	29,496
Shipping	34,401	23,457
Retirement plan contributions	30,236	11,527
Office supplies and expense	27,547	15,084
Dues and subscriptions	19,269	10,669
Miscellaneous expenses	9,656	9,002
Common area maintenance (See Note 6)	7,214	-
Fundraising	5,715	50,473
Utilities	5,625	3,139
Insurance	3,952	2,950
Depreciation	148	2,503
Total Functional Expenses	<u>10,408,750</u>	<u>5,133,679</u>
Change in Net Assets Without Donor Restrictions	<u>9,204,220</u>	<u>(160,637)</u>
<u>Changes in Net Assets With Donor Restrictions</u>		
Revenues and Transfers:		
Contributions	333,334	-
Transfer to net assets without donor restrictions	(25,947)	(9,250)
Investment income	113,493	86,674
Total Revenues and Transfers	<u>420,880</u>	<u>77,424</u>
Change in Net Assets	<u>9,625,100</u>	<u>(83,213)</u>
<u>Net Assets, Beginning</u>	<u>3,831,335</u>	<u>3,914,548</u>
<u>Net Assets, Ending</u>	<u>13,456,435</u>	<u>3,831,335</u>

See independent auditors' report and accompanying notes.

Hope and Comfort Inc.
Statements of Functional Expenses
For the Year Ended December 31, 2024 with
Comparative Information for the Year Ended December 31, 2023

	Program Service	Management and General	Fundraising and Development	2024	2023
<u>Functional Expenses</u>					
Products to charity	8,821,733	-	-	8,821,733	4,093,357
Salaries and wages	410,844	51,355	51,355	513,554	387,721
Rent	248,950	-	-	248,950	146,518
Consultant fees	123,553	61,776	61,776	247,105	92,000
Fundraising	-	-	5,715	5,715	50,473
Payroll taxes	31,342	3,918	3,918	39,178	29,496
Retirement plan contributions	24,188	3,024	3,024	30,236	11,527
Professional fees	64,286	32,143	32,143	128,572	122,902
Office supplies and expense	27,547	-	-	27,547	15,084
Miscellaneous expenses	9,656	-	-	9,656	9,002
Common area maintenance (See Note 6)	7,214	-	-	7,214	-
Repairs and maintenance (See Note 6)	77,908	-	-	77,908	-
Health insurance	37,048	4,631	4,631	46,310	45,159
Information technology	54,178	-	-	54,178	49,087
Depreciation	148	-	-	148	2,503
Marketing/advertising	23,769	-	23,769	47,538	22,333
Dues and subscriptions	19,269	-	-	19,269	10,669
Insurance	3,952	-	-	3,952	2,950
Shipping	34,401	-	-	34,401	23,457
Warehousing	39,961	-	-	39,961	16,302
Utilities	5,625	-	-	5,625	3,139
Good360 Admin fees	-	-	-	-	-
Total Functional Expenses	<u>10,065,572</u>	<u>156,847</u>	<u>186,331</u>	<u>10,408,750</u>	<u>5,133,679</u>

See independent auditors' report and accompanying notes.

Hope and Comfort Inc.
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>Cash Provided by/(Applied to) Operating Activities</u>		
Change in Net Assets	9,625,100	(83,213)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	148	2,503
Adjusted income to net cash	9,625,248	(80,710)
Changes in Operating Assets and Liabilities:		
Inventory	(8,886,536)	208,306
Prepaid expenses	472	98,591
Pledges receivable	(200,000)	-
Security deposit	(45,083)	-
Accounts payable	(67,282)	47,736
Credit card payable	(107)	1,426
Accrued expenses and taxes	562	613
Net cash provided by operating activities	<u>427,274</u>	<u>275,962</u>
<u>Cash (Applied to) Investing Activities</u>		
Investments - Endowment	(344,405)	(325,943)
Net cash (applied to) investing activities	<u>(344,405)</u>	<u>(325,943)</u>
<u>Increase/(Decrease) in Cash</u>	82,869	(49,981)
<u>Cash at Beginning of Year</u>	<u>464,760</u>	<u>514,741</u>
<u>Cash at End of Year</u>	<u><u>547,629</u></u>	<u><u>464,760</u></u>

See independent auditors' report and accompanying notes.

Hope and Comfort Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Note 1 - Summary of Significant Accounting Policies

Nature of Activities

The organization is a non-profit 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

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization. In-kind services included in In-kind contributions and operating expenses for 2024 and 2023 were \$178,657 and \$126,900. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under generally accepted accounting principles was not met.

Estimates

The preparation of financial statements in accordance 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.

Cash and Cash Equivalents

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

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Note 2 - Property and Equipment

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

Note 3 - 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 4 - Retirement Plan

The organization offers a 401(k) plan for its employees. The organization matches up to seven and one-half percent of compensation. There are no unfunded liabilities under the plan.

Hope and Comfort Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Note 5 - Pledges Receivable

Unconditional promises to give are recognized as revenues or gains in the period the pledges are received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The organization follows FASB ASC 310, Receivables which requires the organization to report its pledges receivable at net present value. The outstanding pledges as of December 31, 2024 are all due over the next two years.

Note 6 - Lease

The organization occupies premises under a five year lease commencing October 1, 2024. The lease requires monthly payments of \$19,212 with an annual increase of three percent each November 1. There is also an option to extend for an additional five years. The minimum annual rental payments under the operating lease are as follows:

	Annual Base <u>Rent</u>
2025	\$ 231,703
2026	238,654
2027	245,813
2028	253,188
2029-2034	1,686,854

In accordance with FASB ASC 842, Leases, these future payment obligations are reflected on the Statements of Financial Position as a Right-of-use asset in Other Assets and Lease liability under Long-Term Liabilities.

The organization also pays common area charges and real estate taxes under the lease agreement. During 2024, the organization received relocation assistance in the amount of \$189,197 which is included in miscellaneous income. A portion of this income was used to cover the repairs cost of \$77,908.

Note 7 - Investments

Investments are measured at fair value in accordance with FASB ASC 820, Fair Measurements and Disclosures. FASB ASC 820 establishes a hierarchy to be used in determining the fair value of an asset to be sold or a liability to be transferred. The three levels of hierarchy are as follows:

Level 1 - Quoted prices that are available in active markets for identical assets or liabilities.

Level 2 - Pricing inputs other than quoted prices in active markets, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets and liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Hope and Comfort Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Note 7 - Investments (continued)

The investments held at December 31, 2024 consist of securities which are considered level one assets (quoted prices in active markets for identical assets). Under FASB ASC 320, Investments - Debt and Equity Securities, the organization is required to report investments at fair value on the statements of financial position and report realized and unrealized gains and losses in the statements of activities. At December 31, 2024 and 2023 investments were composed of the following:

	<u>2024</u>	<u>2023</u>
Money market	\$ 2,027,867	\$ 1,842,516
Exchange traded products	483,043	344,463
Common stocks	71,052	50,577
Total	<u>\$ 2,581,962</u>	<u>\$ 2,237,556</u>

At December 31, 2024 and 2023 investment income/(loss) consists of the following:

	<u>2024</u>	<u>2023</u>
Income without Donor Restrictions		
Dividends (net of foreign taxes)	\$ 83,926	\$ 79,755
Unrealized gain	9,613	3,507
Total	<u>\$ 93,539</u>	<u>\$ 83,262</u>
Income with Donor Restrictions		
Dividends (net of foreign taxes)	\$ 18,963	\$ 11,979
Realized gain	3,833	-
Unrealized gain	90,697	74,695
Total	<u>\$ 113,493</u>	<u>\$ 86,674</u>

Note 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following:

	<u>2024</u>	<u>2023</u>
Endowment Fund	\$ 390,594	\$ 277,100
Saul and Gitta Kurlat Fund	583,334	250,000
Innovation Fund	-	25,947
Total	<u>\$ 973,928</u>	<u>\$ 553,047</u>

Note 8 - Liquidity and Availability of Financial Assets

Financial assets available for general expenditures within one year of the statements of financial position date are comprised of the following at December 31:

	<u>2024</u>	<u>2023</u>
Cash	\$ 547,629	\$ 464,760
Investments	2,581,962	2,237,556
Total financial assets	<u>\$ 3,129,591</u>	<u>\$ 2,702,316</u>
Less: Net assets with donor restrictions	973,928	553,047
Total available	<u>\$ 2,155,663</u>	<u>\$ 2,149,269</u>

Hope and Comfort Inc.
Notes to Financial Statements
December 31, 2024 and 2023

Note 9 - **Concentrations of Credit Risk**

FASB ASC 825, Financial Instruments identifies deposits in excess of insured limits as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The Federal Deposit Insurance Corporation (FDIC) provides coverage up to \$250,000. As of December 31, 2024, the amount in excess of federally insured limits was \$222,863. The amounts in excess of federally insured limits are insured by the Share Insurance Fund (SIF), which is a private fund owned by the member co-operative banks.

Note 10 - **Subsequent Events**

The organization has evaluated subsequent events through June 17, 2025, the date that the financial statements were available to be issued.