

THREE HOTS AND A COT, INC
FINANCIAL STATEMENTS
&
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2015
TOGETHER WITH
INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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ACCOUNTANT'S REVIEW REPORT

Board of Directors
Three Hots and A Cot, Inc.
Birmingham, Alabama

I have reviewed the accompanying balance sheet of Three Hots And A Cot, Inc. as of December 31, 2015 and the related statements of income and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Three Hots and A Cot, Inc.

A review consists principally of inquiries of the organization's personnel and analytical procedures applied to financial data. It is substantially less in scope than an opinion audit in accordance with generally accepted auditing standards, the object of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my reviews, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

My review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included in the accompanying general and administrative expenses is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements and I am not aware of any material modifications that should be made thereto.

Birmingham, Alabama
August 10, 2016

THREE HOTS AND A COT, INC.

FINANCIAL STATEMENTS

January 1, 2015 – December 31, 2015

Financial Statements

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THREE HOTS AND A COT, INC.

FINANCIAL STATEMENTS

January 1, 2015 – December 31, 2015

THREE HOTS AND A COT, INC

BALANCE SHEET

As of December 31, 2015

ASSETS:

Current Assets:

BBVA Compass.....		\$ 2,628
PayPal.....		3,986
Regions – Operations.....		4,699
Regions – Payroll.....		500
Wells Fargo.....		1,056
Woodforest.....		3,069
Ameriprise Brokerage Account.....		<u>20,914</u>
Total Current Assets.....		<u>36,852</u>

Fixed Assets:

Vehicles

1985 Am Gene M35.....	4,400	
1997 Ford Cutaway.....	6,000	
2012 Ford Van.....	37,647	
2013 – 18’ Trailer.....	2,068	
2013 Kubota Zero-Turn Mower.....	9,270	
2013 Toyota Sienna.....	25,522	
2014 Toyota Sienna LE.....	<u>30,974</u>	
Total Vehicles.....		115,881

Real Estate

2537 6 th St NE.....	111,000	
3300 Avenue Q.....	63,100	
7622 2 nd Ave N.....	48,000	
8010 4 th Ave S.....	53,600	
Ryan Winslow Center.....	146,600	
Ryan Winslow Ctr-Improvements...	438	
East Lake.....	83,045	
East Lake- Improvements.....	7,955	
Fox Hole.....	156,100	
J Wayland House.....	13,900	
J Wayland House-Improvements...	12,709	
Maintenance Shop – Kimberly Ave.	6,408	
St. Benedict’s-Improvements.....	7,935	
Starsay House.....	48,000	
Starsay House-Improvements.....	<u>4,198</u>	
Total Real Estate.....		762,988
Computer HP All-In-One.....		1,752
Furniture and Equipment.....		<u>2,389</u>
Subtotal Fixed Assets.....		883,010

See accountant’s review report and notes to financial statements

THREE HOTS AND A COT, INC

BALANCE SHEET

As of December 31, 2015

Subtotal Fixed Assets.....	883,010
Less Accumulated Depreciation.....	<u>-156,061</u>
Total Fixed Assets.....	726,949
Other Assets:	
Deposit Mulga Water – Docena.....	100
Mortgage Receivable – Cislak.....	55,749
Mortgage Receivable – Springston.....	<u>102,512</u>
Total Other Assets.....	<u>158,361</u>
TOTAL ASSETS.....	\$ 922,162

See accountant's review report and notes to financial statements

THREE HOTS AND A COT, INC

BALANCE SHEET

As of December 31, 2015

LIABILITIES:

Current Liabilities:

Accounts Payable.....	\$	1,702
Payroll Tax – IRS.....		997
Payroll Tax – Alabama.....		<u>1,515</u>
Total Current Liabilities.....		<u>4,214</u>

Long Term Liabilities:

Line of Credit – Woodforest.....		5,646
Loans Payable – Kubota Credit.....		4,592
Loans Payable – Serra.....		<u>15,800</u>
Total Long Term Liabilities.....		<u>26,038</u>

Total Liabilities..... \$ 30,252

NET WORTH:

Retained Earnings		976,186
Net Loss 01/01/15 – 12/31/15.....		<u>-84,276</u>

Total Net Worth..... 891,910

TOTAL LIABILITIES AND NET WORTH..... \$ 922,162

See accountant's review report and notes to financial statements

THREE HOTS AND A COT, INC

STATEMENT OF INCOME AND EXPENSES

Year Ended December 31, 2015

REVENUE:

Corporate Donations.....	\$ 100,000
Individual Donations.....	68,708
Stock Donation.....	5,157
Kiosk.....	1,861
Events.....	3,225
Refund.....	1
Ship's Store.....	233
Other Donations – Cash and Checks.....	-250
Recycling.....	128
United Way – CFC.....	16,854
Indirect Public Support – Other.....	136
Grants.....	97,900
Donation – 2001 Volvo V70 XC.....	<u>3,159</u>
Total Donations.....	<u>297,112</u>
Program Fee – 203 2 nd Street.....	2,110
Program Fee – 2537 6 th St NE.....	8,225
Program Fee – 305 81 st St S.....	6,174
Program Fee – 7616 2 nd Ave N.....	11,415
Program Fee – 8010 4 th Ave S.....	1,875
Program Fee – St. Benedict's.....	11,565
Program Fee – VA.....	134,900
Program Fee – Winslow.....	6,465
Program Fee – 3300 Avenue Q.....	<u>2,400</u>
Total Program Fees.....	<u>185,129</u>
Total Income.....	<u>482,241</u>

OPERATING EXPENSES:

General and Administrative.....	478,602
Depreciation.....	53,069
Other Expense:	
Donation of 2001 Volvo V70 XC.....	3,159
Loss on Sale of Carlos Ave.....	17,900
Loss on Sale of Docena House.....	<u>19,136</u>
Total Other Expense.....	-40,195

See accountant's review report and notes to financial statements

THREE HOTS AND A COT, INC
STATEMENT OF INCOME AND EXPENSES

Year Ended December 31, 2015

Other Income:

Interest Income (Mortgages).....	5,247	
Unrealized Gain – Ameriprise Brokerage.....	<u>104</u>	
Total Other Income.....		<u>+5,351</u>

NET PROFIT..... \$ -84,274

See accountant’s review report and notes to financial statements

THREE HOTS AND A COT, INC

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES

For the Year Ended December 31, 2015

Advertising.....	\$	705
Business Expense.....		4,571
Cable/Internet.....		11,921
Contract Services.....		124,003
Contributions – other non-profits.....		10
Facilities and Equipment.....		2,000
Fees.....		6,309
Fund Raising.....		7,473
Groceries.....		13,714
Home Maintenance.....		36,212
Household and Appliances.....		11,308
Insurance – Liability, D and O.....		28,427
Interest Expense.....		-1,934
IT Support.....		25
Janitorial Service.....		150
Maintenance – Shop expense, Tools and Uniforms.....		14,434
Meals.....		2,041
Medical.....		11,353
Office Supplies.....		11,999
Operations – Postage, Printing and Supplies.....		1,819
Participant Services.....		2,654
Payroll Expense.....		71,517
Payroll Taxes.....		5,471
Pest Control.....		1,338
Property Taxes.....		-2,305
Reconciliation Discrepancies.....		50
Security.....		2,681
Storage Rental.....		5,962
Subscriptions.....		435
Taxes.....		255
Telephone and Telecommunications.....		12,087
Transportation – Fuel, Maintenance, Insurance.....		34,001
Total Travel and Meetings.....		2,213
Utilities – Electric, Water, Garbage Pick-up.....		55,704
Depreciation.....		53,069
 Total General and Administrative Expenses.....	 \$	 531,672

See accountant's review report and notes to financial statements

THREE HOTS AND A COT, INC

STATEMENT OF CASH FLOWS

Year Ended December 31, 2015

Cash provided from operating activities:

Contributions.....	\$ 195,985
Events.....	3,225
Participant Rent.....	50,229
Contract Revenue VA.....	134,900
Grants.....	97,900
Interest & principal (Mortgages).....	<u>21,391</u>
 Total Cash Provided.....	 <u>503,630</u>

Cash used for operating and real estate improvements:

Vehicle.....	-0-
Furniture & Equipment.....	-0-
Kimberly Ave Shop Building.....	6,408
Operating Expenses.....	478,602
Cash transferred from Regions to Brokerage Account.....	11,157
Accounts Payable and Long Term Debt Reduction.....	<u>11,557</u>
 Total Cash Used.....	 <u>507,724</u>
 Net Decrease in Cash.....	 (4,094)
 Cash at Beginning of Year (01/01/15).....	 <u>20,033</u>
 Cash at End of Year (12/31/15).....	 <u>\$ 15,939**</u>

**Does not include Ameriprise Brokerage Account shown as Other Current Asset, \$21,914.

See accountant's review report and notes to financial statements

THREE HOTS AND A COT, INC

Notes to Financial Statements

December 31, 2015

(1) Summary of significant accounting policies

(a) Organization and purpose

Three Hots And A Cot, Inc. (the Organization) was incorporated under the laws of the State of Alabama, Jefferson County, January 2010. The Organization was granted 501(c)(3) status by the Internal Revenue Service in a determination letter issued in May, 2009. The Organization strives to provide programs, housing and services that will enhance the quality of life of displaced and homeless veterans through job training, encouragement, support and rehabilitation.

(b) Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

(c) Income taxes

The organization is a tax-exempt entity under section 501 (c)(3) of the Internal Revenue code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements. The Organization's Department of the Treasury information returns are subject to examination, generally for three years after the filing date.

(d) Property, equipment, furniture and fixtures and vehicles

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Organization follows the practice of capitalizing all expenditures for fixed assets greater than \$1,000. Depreciation is based on the straight-line method over the estimated useful lives of the properties acquired and classified as real estate.

(e) Salaries and Wages

Richard Cislak	\$23,517 (January 1 – December 31, 2015)
Vick Springston	<u>48,000</u> (January 1 – December 31, 2015)
Total Payroll	<u>\$71,517</u>

(f) Advertising

Advertising and promotional costs are charged to expense as incurred.

See accountant's review report and notes to financial statements

THREE HOTS AND A COT, INC
Notes to Financial Statements
(Continued)

(2) Property and Equipment

Real Estate	\$ 762,988
Vehicles	115,881
Computer Equipment	1,752
Furniture and Equipment	<u>2,389</u>
Subtotal	883,010
Less Accumulated Depreciation	<u>- 156,061</u>
Total Fixed Assets	<u>\$ 726,949</u>

(3) Restrictions on assets

At December 31, 2015 there are no restrictions on assets.

(4) Fixed Asset Valuation

Real Estate is valued at Assessed Value. Vehicles at Blue Book Value and other equipment at cost. The Corporation is continuing to make sure clear title exists on all real estate.

(5) Lease commitments

The Corporation leases a two-story house, zoned commercial, for housing located at 5704 First Avenue North, Birmingham, Al 35212 known as the St. Benedict's House. The Lessor is Grace Episcopal Church. The term of the initial lease was from March 17, 2010 and ended on March 17, 2015. At the expiration of the initial lease term, Lessee renewed the lease on the same terms and conditions for successive periods of one (1) year unless terminated by either Lessor or Lessee giving the other party written notice of termination at least sixty (60) days prior to the expiration of the then current one (1) year term. In no event shall the initial lease term and any renewals thereof extend beyond ten (10) years from the commencement date. The rent agreed upon is One Dollar (\$1.00) per year paid in advance. In a letter dated February 20, 2014 from Grace Episcopal Church extends the lease for 5 years to February 20, 2019, at which time the lease will be open for renewal.

(6) Contract Services

Contract Services in the amount of \$124,003 was issued Forms 1099-Misc. It is recommended that the payees be employees and receive W-2's in future years.

See accountant's review report and notes to financial statements