

**HM3 PARTNERS  
INDEPENDENCE FUND, INC.**

**Financial Statements  
(with Independent Auditor's Report thereon)**

**December 31, 2015 and 2014**

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**KLINE**

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**KEPPEL**

AND

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**KORYAK**

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A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
HM3 Partners Independence Fund, Inc.  
Gibsonia, Pennsylvania

We have audited the accompanying financial statements of HM3 Partners Independence Fund, Inc. (a nonprofit corporation) (the Organization), which comprise the statements of assets and net assets (modified cash basis) as of December 31, 2015 and 2014, and the related statements of revenue, expenses, and net assets (modified cash basis) 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 the modified cash basis of accounting as described in note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

**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 assets, liabilities, and net assets of the Organization as of December 31, 2015 and 2014, and its support, revenue, and expenses for the years then ended in accordance with the modified cash basis of accounting as described in note 1.

**Basis of Accounting**

We draw attention to note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Kline Keppel and Koryak, PC*

October 28, 2016

**HM3 PARTNERS INDEPENDENCE FUND, INC.**  
**Statements of Assets and Net Assets**  
**(Modified Cash Basis)**  
**December 31,**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>Current Asset - Cash</b>	<u>\$ 23,449</u>	<u>\$ 2,962</u>
<b>Other Asset -</b>		
Website	2,000	2,000
Less accumulated amortization	<u>(600)</u>	<u>(200)</u>
	<u>1,400</u>	<u>1,800</u>
<b>TOTAL ASSETS</b>	<u>\$ 24,849</u>	<u>\$ 4,762</u>
<b>NET ASSETS</b>		
<b>Net Assets - Unrestricted</b>	<u>\$ 24,849</u>	<u>\$ 4,762</u>

See accompanying notes to the financial statements.

**HM3 PARTNERS INDEPENDENCE FUND, INC**  
**Statements of Revenue, Expenses, and Net Assets**  
**(Modified Cash Basis)**  
**For the Years Ended December 31,**

	<u>2015</u>	<u>2014</u>
<b>Revenue:</b>		
Contributions and Proceeds from Fundraising Events	\$ 312,312	\$ 322,642
Interest Income	<u>141</u>	<u>10</u>
<b>Total Revenue</b>	<u>312,453</u>	<u>322,652</u>
<b>Expenses -</b>		
Program Services -		
Donations and grants	<u>96,950</u>	<u>217,147</u>
Management and General:		
Amortization	400	200
Insurance	744	744
Miscellaneous	-	124
Printing and copying	-	816
Professional fees	<u>3,525</u>	<u>7,923</u>
Total Management and General	<u>4,669</u>	<u>9,807</u>
Fundraising Expenses (including direct costs of events)	<u>190,747</u>	<u>90,936</u>
<b>Total Expenses</b>	<u>292,366</u>	<u>317,890</u>
<b>Excess of Revenue over Expenses</b>	20,087	4,762
<b>Net Assets (all unrestricted) - Beginning of Year</b>	<u>4,762</u>	<u>-</u>
<b>Net Assets (all unrestricted) - End of Year</b>	<u>\$ 24,849</u>	<u>\$ 4,762</u>

See accompanying notes to the financial statements.

**HM3 PARTNERS INDEPENDENCE FUND, INC.**  
**Notes to Financial Statements**  
**(Modified Cash Basis)**  
**December 31, 2015 and 2014**

**Note 1: Summary of Significant Accounting Policies**

***Organization and Nature of Activities***

HM3 Partners Independence Fund, Inc. (the Organization) is a Pennsylvania public, nonprofit organization created in 2014 for the benefit of community organizations, groups and individuals involved in advancement of causes honoring and supporting the United States of America, the community, and caring for others less fortunate. The Organization attains these goals through the donations of gifts and receipt of contributions from the general public.

***Basis of Accounting***

The Organization prepares its financial statements on the modified cash basis of accounting. This basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America in which the Organization records most revenue when received rather than when earned and most expenses when disbursed rather than when incurred.

***Basis of Presentation***

Although the Organization prepares its financial statements on the modified cash basis of accounting, it presents its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted as required by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), FASB ASC No. 958. As of and for the years ended December 31, 2015 and 2014, the Organization had no temporarily or permanently restricted net assets.

***Donated Assets***

The Organization records noncash donations as contributions at their estimated fair market value as of the date of donation.

***Donated Services***

The Organization receives donated services from unpaid volunteers. Management has not recorded any amounts for such services in the accompanying statements of revenue, expenses paid and net assets.

***Revenue Recognition***

The Organization recognizes revenue upon the receipt of a donation.

**HM3 PARTNERS INDEPENDENCE FUND, INC.**  
**Notes to Financial Statements**  
**(Modified Cash Basis)**  
**December 31, 2015 and 2014**

*Website*

The Organization records its website at cost and bases amortization on asset's estimated useful life of 5 years. The Organization records amortization using the straight line method.

*Estimates*

The preparation of the financial statements in conformity with the modified cash basis of accounting requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Functional Expenses*

Management charges expenses directly to program services, fundraising, or management and general categories based on specific identification.

*Income Taxes*

The Organization has applied for an exemption from income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). The Organization files an annual informational return with the Internal Revenue Service (IRS), and the IRS may examine the return for both 2014 and 2015.

*Subsequent Events*

Management has evaluated subsequent events through October 28, 2016, the date the financial statements became available to be released.

**Note 2: Supporting Services**

The Organization charges supporting services to three different categories: Program Services, Fundraising, and Management & General. The Organization presents the breakdown of these categories for the years ended December 31, 2015 and 2014, on the following page.

**HM3 PARTNERS INDEPENDENCE FUND, INC.**  
**Notes to Financial Statements**  
**(Modified Cash Basis)**  
**December 31, 2015 and 2014**

<u>Expense</u>	<u>Fundraising</u>	<u>Management &amp; General</u>
<b>For the year ended December 31, 2015:</b>		
Advertising	\$ 2,739	\$ -
Amortization	-	400
Auction costs	4,575	-
Entertainment	98,359	-
Equipment and facility rental	51,307	-
Food and beverage	29,358	-
Insurance	370	744
Printing and copying	2,810	-
Professional fees	-	3,525
Supplies	<u>1,229</u>	<u>-</u>
	<u>\$ 190,747</u>	<u>\$ 4,669</u>
<b>For the year ended December 31, 2014:</b>		
Advertising	\$ 1,870	\$ -
Amortization	-	200
Auction costs	22,350	-
Bank fee	-	124
Entertainment	17,000	-
Equipment and facility rental	13,096	-
Food and beverage	30,479	-
Insurance	978	744
Printing and copying	3,139	816
Professional fees	-	7,923
Supplies	<u>2,024</u>	<u>-</u>
	<u>\$ 90,936</u>	<u>\$ 9,807</u>