HOSPITALITY HOMES, INC.

REPORT ON REVIEW OF FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Fulchino, O'Reilly & Company PC

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C O N T E N T S

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Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

BOARD OF DIRECTORS
HOSPITALITY HOMES, INC.
Boston, Massachusetts

We have reviewed the accompanying statements of financial position of Hospitality Homes, Inc. (a non-profit organization) as of December 31, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Fulchino, O'Reilly + Company PC

July 10, 2015

155 Middlesex Turnpike • Burlington, Massachusetts 01803
Tel. (781) 270-5800 Fax (781) 270-0345

December 31		2014		2013
Assets				
Current Assets:				
Cash (Note 1)	$	**299,045**	$	291,802
Promises to give (Notes 1 and 2)		**148,100**		101,650
Total Current Assets		**447,145**		393,452
Equipment, less accumulated depreciation of $11,611 in 2014 ($8,327 in 2013) (Note 1)		**2,816**		6,100
Other Assets:				
Investments held for long-term purposes (Notes 1, 3 and 5)		**289,271**		272,131
Total Assets	$	**739,232**	$	**671,683**
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable and accrued expenses	$	**24,326**	$	10,036
Net Assets (Notes 1, 4 and 5):				
Unrestricted		**602,395**		519,001
Temporarily restricted		**112,511**		142,646
		714,906		661,647
Total Liabilities and Net Assets	$	739,232	$	671,683

See notes to financial statements.

Year Ended December 31	Unrestricted	Temporarily Restricted	Total 2014	Total 2013
Revenues (Notes 1 and 3):				
Donated goods, accommodations and services	$ 825,189	$ -	$ **825,189**	$ 1,084,290
Corporate, foundation & organization contributions	274,313	5,000	**279,313**	259,560
Special events	95,171	-	**95,171**	85,069
Individual contributions	80,007	-	**80,007**	92,575
Board support	20,820	-	**20,820**	23,586
Service fees	11,385	-	**11,385**	16,439
Investment income	6,777	-	**6,777**	6,641
Net unrealized gains on investments	9,625	-	**9,625**	19,381
Net assets released from restrictions	35,135	(35,135)	-	-
	1,358,422	(30,135)	**1,328,287**	1,587,541
Expenses (Notes 1 and 6):				
Functional expenses:				
Program services	1,109,670	-	**1,109,670**	1,293,043
Administrative and general	67,538	-	**67,538**	76,178
Fundraising	97,820	-	**97,820**	120,711
	1,275,028	-	**1,275,028**	1,489,932
Increase in Net Assets	83,394	(30,135)	**53,259**	97,609
Net assets at beginning of year	519,001	142,646	**661,647**	564,038
Net Assets at End of Year	$ 602,395	$ 112,511	$ **714,906**	$ 661,647

See notes to financial statements.

	Program Services	Administrative & General	Fundraising	Total Year Ended December 31 2014	2013
In-kind expenses	$ 802,661	$ 494	$ 22,034	$ **825,189**	$ 1,084,290
Salaries	186,837	11,678	35,032	**233,547**	229,333
Contractors	8,006	33,725	3,780	**45,511**	11,098
Hosting expenses	34,101	-	-	**34,101**	8,756
Events and appeals	-	-	23,707	**23,707**	30,271
Employee benefits	18,844	1,178	3,533	**23,555**	30,827
Payroll taxes	14,463	905	2,711	**18,079**	18,466
Outreach	16,501	78	-	**16,579**	24,328
Office rent and parking	12,649	1,488	745	**14,882**	15,605
Accounting fees	-	8,300	-	**8,300**	8,000
Fundraising	-	-	5,383	**5,383**	3,882
Insurance	-	5,311	-	**5,311**	3,905
Office expense	2,988	351	177	**3,516**	1,880
Telephone and utilities	3,139	349	-	**3,488**	3,010
Depreciation	2,627	328	328	**3,283**	3,728
Bank and credit card fees	-	2,286	-	**2,286**	3,023
Payroll and benefits processing	1,664	105	312	**2,081**	2,393
Computer system maintenance	1,159	290	-	**1,449**	944
Miscellaneous	669	594	-	**1,263**	672
Dues, subscriptions and memberships	942	-	-	**942**	1,199
Volunteer recognition and support	839			**839**	279
Postage	621	78	78	**777**	373
Conferences and meetings	561	-	-	**561**	1,180
Staff support and training	399	-	-	**399**	2,190
Uncollectible promises to give	-	-	-	-	300
	$ 1,109,670	$ 67,538	$ 97,820	$ **1,275,028**	$ 1,489,932

Year Ended December 31		2014		2013
Cash Flows from Operating Activities:				
Increase in net assets	$	53,259	$	97,609
Adjustments to reconcile changes in net assets to net cash provided by operating activities:				
Net unrealized gains on investments		(9,625)		(19,381)
Depreciation		3,283		3,728
(Increase) decrease in:				
Promises to give		(46,450)		(77,010)
Prepaid expenses		-		3,355
Accounts payable and accrued expenses		14,290		9,095
Net Cash Provided by Operating Activities		14,757		17,396
Cash Flows from Investing Activities:				
Purchase of investments		(7,514)		(6,291)
Net Increase in Cash		7,243		11,105
Cash at beginning of year		291,802		280,697
Cash at End of Year	$	299,045	$	291,802

Note 1. Summary of Significant Accounting Policies:

Organization: Hospitality Homes, Inc. (the "Organization") is a non-profit organization dedicated to providing a caring response to the housing needs of patients' families when they travel to the Boston area for medical treatment. In the spirit of service and compassion, Hospitality Homes provides comfortable, short-term accommodations in a variety of locations donated by volunteer hosts. The Organization receives in-kind and monetary donations from individuals, corporations, hospitals and religious organizations in the greater Boston area.

Basis of accounting: The financial statements of Hospitality Homes, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of presentation: The Organization is required to report 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.

Concentrations of credit risk: The Organization's financial instruments that are exposed to concentrations of credit risk consist of cash and promises to give. The Organization places its cash and cash equivalents with institutions that are covered by the Federal Deposit Insurance Corporation and other supplemental insurance. At times during the year, the balances may be in excess of the insurance limit of $250,000. At December 31, 2014, the Company's cash balances per institution did not exceed the insured amount. There have been no related losses.

Donated assets: Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Donated goods and accommodations: The Organization records donated goods, accommodations, and other items which pass through the Organization's programs at their estimated fair value at the date of donation. Accordingly, donated goods and accommodations of $811,369 for the year ended December 31, 2014 ($1,066,725 in 2013) have been recorded as both revenue and expense in the Statements of Activities and Changes in Net Assets.

Included in the above amounts are donated accommodations at hosts' homes with an estimated value of $742,105 for the year ended December 31, 2014 ($987,920 in 2013). The value of these accommodations is based on estimated equivalent hotel room nights of 3,185 in 2014 at a rate of $233 per night (4,240 nights in 2013 at a rate of $233).

Note 1. Summary of Significant Accounting Policies (Continued):

Donated services: Donated services are also recognized as contributions if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services of $13,820 were received during the year ended December 31, 2014 ($17,565 in 2013).

Description of program and supporting services: The following program and supporting services are included in the accompanying financial statements:

Program services

Provide temporary housing in volunteer host homes and other accommodations for families and friends of patients seeking care at Boston-area medical centers.

Administrative and general

Includes the functions necessary to manage the financial and coordinating responsibilities of the Organization.

Fundraising

Provides the structure necessary to encourage and secure private financial support from individuals, organizations and corporations.

Allocation of joint costs: The Organization conducted certain activities that related to fundraising as well as program services and/or general and administrative matters. Such activities included direct appeals and special events. The costs of conducting these activities (joint costs) are not specifically attributable to a particular component as they are incurred by the Organization. As a result, the Organization uses its judgment in allocating joint costs to each of the components on the Statements of Functional Expenses. Joint costs of $345,231 in 2014 ($327,877 in 2013) were allocated as follows:

	2014	2013
Program expenses	$ 248,699	$ 228,111
Administrative and general	49,836	45,571
Fundraising	46,696	54,195
	$ 345,231	327,877

Note 1. Summary of Significant Accounting Policies (Continued):

Income Taxes: The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Contributions to the Organization are tax deductible under Section 170(c) of the Internal Revenue Code.

In determining the recognition of uncertain tax positions, the Organization applies a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with taxing authorities. As of December 31, 2014, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization is not currently under examination by any taxing jurisdiction. The Organization's federal and state tax returns are generally open for examination for three years following the date filed.

Investments: The Organization carries investments in marketable securities with readily determinable fair values at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities and Changes in Net Assets.

Investment income and gains: Investment income and gains related to assets which are restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Promises to give: Unconditional promises to give are recognized as revenues or gains in the period that the promise is made and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Uncollectible promises to give are expected to be insignificant and an allowance for uncollectible promises to give was not considered necessary as of December 31, 2014 or December 31, 2013.

Note 1. Summary of Significant Accounting Policies (Continued):

Equipment: Equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from 3 to 5 years. Additions and betterments of $1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Restricted and unrestricted revenue: Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as an increase 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 and reported in the statement of activities as net assets released from restrictions.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments: U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP also establishes a framework for the measurement of fair value, and enhances disclosures about fair value measurements.

Date of Management's Review: The Organization has evaluated subsequent events through July 10, 2015 which is the date the financial statements were available to be issued.

Note 2. Promises to Give:

Unconditional promises to give at December 31, 2014 and 2013 are as follows:

	2014	2013
Unconditional promises to give before unamortized discount	$ 148,100	$ 101,650
Less discount to net present value	-	-
Net unconditional promises to give	$ 148,100	$ 101,650
Amounts due in:		
Less than one year	$ 148,100	$ 101,650
One to five years	-	-
	$ 148,100	$ 101,650

Note 3. Investments:

The Organization's investments at December 31, 2014 and 2013, which include unrestricted funds and a temporarily restricted endowment fund (See Note 5), consisted of the following:

	2014		
	Cost	Unrealized Gains	Fair Value
Mutual funds	$ 259,713	$ 29,558	$ 289,271

	2013		
	Cost	Unrealized Gains	Fair Value
Mutual funds	$ 252,198	$ 19,933	$ 272,131

Note 3. Investments (Continued):

The following schedule summarizes the investment returns and their classification in the statements of activities for the years ended December 31, 2014 and 2013:

	2014	2013
Investment income	$ 6,777	$ 6,641
Net unrealized gains on investments	9,625	19,381
	$ 16,402	$ 26,022

U.S. GAAP establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- *Level 1 inputs* are quoted prices (unadjusted) for identical investments in active markets.
- *Level 2 inputs* are quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- *Level 3 inputs* are model derived valuations in which one or more significant inputs or significant value drivers are unobservable.

In certain cases, the inputs to measure fair value may result in an asset or liability falling into more than one level of the fair value hierarchy. In such cases, the determination of the classification of an asset or liability within the fair value hierarchy is based on the least determinate input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Note 3. Investments (Continued):

Fair values of assets measured on a recurring basis at December 31, 2014 and 2013:

	2014					
		Level 1		Level 2		Level 3
Mutual funds	$	289,271	$	-	$	-

	2013					
		Level 1		Level 2		Level 3
Mutual funds	$	272,131	$	-	$	-

Note 4. Restrictions on Net Assets:

Temporarily restricted net assets are available for the following purposes:

		2014		2013
Endowment for long-term purposes	$	98,667	$	98,667
For subsequent year activities		13,844		43,979
	$	112,511	$	142,646

Note 5. Endowment:

The Organization's endowment consists of an individual, donor-restricted endowment fund established to achieve the long-range goals of the Organization. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Organization is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds.

The Board of Directors of the Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization would classify as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Note 5. Endowment (Continued):

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the application of investments, (6) other resources of the organization, and (7) the organization's investment policies.

The Organization's endowment is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in accordance with the donor gift instrument and in a manner consistent with the standards as set forth by the Organization.

The endowment net assets of $98,667 at December 31, 2014 and 2013 are included in temporarily restricted net assets in the accompanying statements of financial position. There were no expenditures from the endowment fund in 2014 or 2013. Unrealized gains of $5,329 in 2014 ($10,363 in 2013) related to the endowment fund are reflected in the accompanying statements of activities and changes in net assets as unrestricted activity as is investment income of $3,591 in 2014 ($3,364 in 2013).

Return Objectives and Risk Parameters: The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, the endowment assets are invested in a manner that is intended to contribute to the Organization's total return objectives and preserve principal while maintaining a competitive yield as market conditions dictate.

Note 5. Endowment (Continued):

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Organization's policy for the distribution of funds is determined based on the donor's intentions and investment returns as well as by taking into consideration the long-term expected return on its endowment. Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowment to grow at a normal inflationary rate on an annual basis. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specific term as well as to provide additional growth through new gifts and investment return.

Note 6. Operating Leases:

The Organization is a tenant at will in its office space. Office rental expense under this sub-lease amounted to $13,125 in 2014 and 2013.