

ROLANDO E. LEIVA, C.P.A., PA.

Monthly General Ledger & Payroll Bookkeeping
Quarterly Payroll Tax Service
Personal/Corporate Income Tax Preparation
Compilations * Reviews * Audits
Computer Accounting Software Consulting

FACTOR-H INC

AN NON FOR PROFIT ORGANIZATION
ORGANIZED UNDER CALIFORNIA LAW

COMPILED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

ENDED DECEMBER 31, 2019 and 2018

FL LIC AD0015715 / rolando@leivacpa.com

Rolando E. Leiva, C.P.A., P.A.* 7400 S.W. 50 TERR., STE 302 * Miami, Florida 33155

ROLANDO E. LEIVA, C.P.A., PA.

Monthly General Ledger & Payroll Bookkeeping
Quarterly Payroll Tax Service
Personal/Corporate Income Tax Preparation
Compilations * Reviews * Audits
Computer Accounting Software Consulting

May 24, 2020

To the Management and Board of Directors
Factor-H, Inc.

Independent Accountants' Compilation Report – Income Tax Basis

Management is responsible for the accompanying financial statements of Factor-H, Inc. (the Organization) which comprise the balance sheet-income tax basis as of the years ended, December 31, 2019 and December, 2018, and the related statements of revenue and expenses-income tax basis, and cash flows for the years then ended in accordance with the income tax basis of accounting. We have performed a **compilation engagement** in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. We did not audit or review the compiled financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The Company's policy is to prepare its financial statements on the accounting basis used for Income Tax purposes (Cash Method), which is a basis of accounting other than accounting principles generally accepted in the United States of America. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

Management has elected to omit substantially all the disclosures/footnotes ordinarily included in financial statements prepared in accordance with the income tax basis of accounting. If the omitted disclosures/footnotes were included in the financial statements, they might influence the users' conclusions about the company's assets, liabilities, equity, revenue, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The board of directors have elected and obtained under Sec. 501 of the Internal Revenue Code for the entity to be taxed as a non-profit organization with an effective date of April 17, 2018. A 501c3 entity files form 990 or 990EZ depending on its revenue. The organization is tax exempt from federal and state corporate taxes on its net tax exempt function surplus or deficit.

Rolando E. Leiva, CPA, PA

FL LIC AD0015715 / rolando@leivacpa.com

Rolando E. Leiva, C.P.A., P.A.* 7400 S.W. 50 TERR., STE 302 * Miami, Florida 33155

FACTOR-H
Balance Sheet
As of December 31, 2019

| | <u>Dec 31, 19</u> | <u>Dec 31, 18</u> |
|---------------------------------------|--------------------------|-------------------------|
| ASSETS | | |
| Current Assets | | |
| Checking/Savings | | |
| Cash in Bank of America ...4156 | 205,598.08 | 31,010.31 |
| Total Checking/Savings | <u>205,598.08</u> | <u>31,010.31</u> |
| Total Current Assets | <u>205,598.08</u> | <u>31,010.31</u> |
| TOTAL ASSETS | <u>205,598.08</u> | <u>31,010.31</u> |
| LIABILITIES & EQUITY | | |
| Equity | | |
| Fund Balance - Unrestricted | 31,010.31 | 0.00 |
| Net Income | 174,587.77 | 31,010.31 |
| Total Equity | <u>205,598.08</u> | <u>31,010.31</u> |
| TOTAL LIABILITIES & EQUITY | <u>205,598.08</u> | <u>31,010.31</u> |

FACTOR-H
Profit & Loss
January through December 2019

| | <u>Jan - Dec 19</u> | <u>Jan - Dec 18</u> |
|---|--------------------------|-------------------------|
| Ordinary Income/Expense | | |
| Income | | |
| Donations & Contributions Rcvd | 263,626.02 | 40,433.79 |
| Total Income | 263,626.02 | 40,433.79 |
| Cost of Goods Sold | | |
| Direct Program Costs | 56,074.85 | 0.00 |
| Total COGS | 56,074.85 | 0.00 |
| Gross Profit | 207,551.17 | 40,433.79 |
| Expense | | |
| Advertising | 682.61 | 128.07 |
| Bank & Merchant CC Charges | 260.75 | 1,415.10 |
| Data Processing | 1,490.35 | 198.31 |
| Insurance - General & Auto | 1,715.02 | 0.00 |
| Legal Fees | 1,720.00 | 7,682.00 |
| Licenses and Permits | 20.00 | 0.00 |
| Subcontractors | 27,074.67 | 0.00 |
| Total Expense | 32,963.40 | 9,423.48 |
| Net Ordinary Income | 174,587.77 | 31,010.31 |
| Net Income | <u><u>174,587.77</u></u> | <u><u>31,010.31</u></u> |

FACTOR-H
Statement of Cash Flows
January through December 2019

| | <u>Jan - Dec 19</u> |
|--|--------------------------|
| OPERATING ACTIVITIES | |
| Net Income | 174,587.77 |
| Net cash provided by Operating Activities | <u>174,587.77</u> |
| Net cash increase for period | 174,587.77 |
| Cash at beginning of period | <u>31,010.31</u> |
| Cash at end of period | <u><u>205,598.08</u></u> |