

**SANCTUARY OF HOPE
(A Non-Profit Corporation)**

FINANCIAL STATEMENTS

For The Year Ended June 30, 2015

with

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT THEREON

SANCTUARY OF HOPE
(A Non-Profit Corporation)

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The Board of Directors
Sanctuary of Hope

I have compiled the accompanying statement of financial position of Sanctuary of Hope (the Organization" (a non-profit corporation) as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended. I have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and for 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 controls relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. 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.



Anthony Bozanic, CPA
Irvine, California
December 30, 2015

SANCTUARY OF HOPE
(A Non-Profit Corporation)

STATEMENT OF FINANCIAL POSITION

ASSETS	<u>June 30, 2015</u>
Current assets:	
Cash and cash equivalents	\$ 12,073
Grants and contracts receivable	110,314
Prepaid expenses and other current assets	<u>9,456</u>
	<u>\$ 131,843</u>
 LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable and accrued expenses	\$ <u>18,470</u>
 Commitments and contingencies	
Net assets:	
Unrestricted	<u>113,373</u>
 Total net assets	<u>113,373</u>
	<u>\$ 131,843</u>

*See the Independent Accountant's Compilation Report and
Notes to Financial Statements*

SANCTUARY OF HOPE
(A Non-Profit Corporation)

STATEMENT OF ACTIVITIES

	For The Year Ended June 30, 2015
	<u>Unrestricted</u>
Support and revenue:	
Governmental contracts revenue	\$ 92,706
Contributions	151,935
In-kind contributions	25,000
Interest income	<u>1</u>
Total support and revenue	<u>269,642</u>
Functional expenses:	
Program	240,161
General and administrative	35,145
Fundraising	<u>7,667</u>
Total functional expenses	<u>282,973</u>
Change in net assets	(13,331)
Net assets, beginning of year	<u>126,704</u>
Net assets, end of year	\$ <u>113,373</u>

*See the Independent Accountant's Compilation Report and
Notes to Financial Statements*

SANCTUARY OF HOPE
(A Non-Profit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2015					
Program	General and Administrative	Fundraising	Total		
Salaries, payroll taxes & fees	\$ 83,689	\$ 13,276	\$ 5,696	\$	102,661
In-kind goods & services	20,000	5,000	-	\$	25,000
Advertising	-	325	-		325
Bank fees	5	289	-		294
Repair and maintenance	2,430	270	-		2,700
Security	2,430	-	-		2,430
Membership and dues	-	535	499		1,034
Outside services	12,029	6,763	-		18,792
Rent	28,474	838	688		30,000
Rent scattered site	26,776	-	-		26,776
Office expenses	21,394	5,926	85		27,405
Insurance	5,943	660	408		7,011
Miscellaneous	1,248	778	50		2,076
License and permit	-	65	-		65
Meeting	-	150	-		150
Utilities	7,001	159	150		7,310
Specific client assistance	25,218	-	-		25,218
Telephone	3,524	111	91		3,726
	<u>\$ 240,161</u>	<u>\$ 35,145</u>	<u>\$ 7,667</u>	<u>\$</u>	<u>282,973</u>
	<u>85%</u>	<u>12%</u>	<u>3%</u>		<u>100%</u>

*See the Independent Accountant's Compilation Report and
Notes to Financial Statements*

SANCTUARY OF HOPE
(A Non-Profit Corporation)

STATEMENT OF CASH FLOWS

	<u>For The Year Ended June 30, 2015</u>
Cash flows from operating activities:	
Change in net assets	\$ (13,331)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	-
Change in operating assets and liabilities:	
Grants and contract receivables	23,354
Prepaid expenses and other current assets	(5,452)
Accounts payable and accrued expenses	(18,180)
Deferred revenue	<u>(8,333)</u>
Net cash provided by operating activities	<u>(21,942)</u>
Net change in cash and cash equivalents	(21,942)
Cash and cash equivalents, beginning of year	<u>34,015</u>
Cash and cash equivalents, end of year	<u>\$ 12,073</u>

*See the Independent Accountant's Compilation Report and
Notes to Financial Statements*

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Sanctuary of Hope (the “Organization”) is a non-profit corporation which was incorporated in California on 2010 and began operation in 2011. The Organization provides education and housing stabilization services to transitional age youth (TAY), 16-25 years of age, who are in foster care, homeless or at-risk. The Organization provides life coaching, mentorship, independent living, emergency, and education attainment resources.

Funding

The Organization is funded primarily through contributions from individuals and foundations as well as governmental contract revenues.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. These assets are available to support the Organization’s activities and operations at the discretion of the Board of Directors.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that the corpus be maintained permanently by the Organization.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets. There were no temporarily or permanently restricted net assets as of or for the year ended June 30, 2015.

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, continued**

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Cash and Cash Equivalents

The Organization considers cash on hand, in banks and other short-term securities with an original maturity of three months or less as cash and cash equivalents.

From time to time, the Organization maintains balances in various operating and money market accounts. The total cash balances are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$100,000 per commercial bank. As of June 30, 2015, the Organization had no deposits that were in excess of FDIC limits.

Property and Equipment

The Organization capitalizes all expenditures for and donations of property and equipment with a fair value in excess of \$1,000. Donated assets are recorded at their fair value when received. Purchased assets are stated at cost. The cost of purchased assets or fair value of donated assets is depreciated on a straight-line basis over their estimated useful lives, which ranges from three to ten years.

Contributions

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases 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.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Contributed Services

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets, or that require specialized skills are provided by the individual possessing those skills and would typically need to be purchased, if not provided by donation, are recorded at the fair values in the period received.

During the year, the value of contributed services meeting the requirements for recognition in the financial statements had an estimated value of \$25,000. In addition, several individuals volunteer their time and perform a variety of tasks that assist the Organization that do not meet the requirements to be recognized for financial statement purposes. Those amounts have not been reflected in the accompanying financial statements.

Income Taxes

The Organization is a public charity which has obtained an exemption from federal income taxes under Internal Revenue Code Section 501(c)(3), and state taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision has been made for federal or state income taxes.

Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon estimated usage.

NOTES TO FINANCIAL STATEMENTS

For The Year Ended June 30, 2015

NOTE 2 – COMMITMENTS AND CONTINGENCIESLeases

The Organization currently rents its facilities under an operating lease that expires in March of 2016. The minimum rental commitments under the lease are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	
2016	\$ <u>18,000</u>
	\$ <u>18,000</u>

Rent expense for the year ended June 30, 2015 totaled \$30,000.

Indemnities and Guarantees

The Organization has made certain indemnities and guarantees under which it may be required to make payments in relation to certain transactions. The Organization indemnifies its directors, officers, employees and agents to the maximum extent permitted under the laws of the State of California. In connection with certain facility leases, the Organization has indemnified its lessors for certain claims arising from the use of the facilities. The duration of these indemnities and guarantees varies and, in certain cases, is indefinite. These indemnities and guarantees do not provide for any limitation of the maximum potential future payments the Organization could be obligated to make. Historically, the Organization has not been obligated to make significant payments for these obligations and no liabilities have been recorded for these indemnities and guarantees in the accompanying statement of financial position.