

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

FINANCIAL STATEMENTS

For The Year Ended June 30, 2014

with

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT THEREON

SANCTUARY OF HOPE
(A Non-Profit Corporation)

CONTENTS

Independent Accountant's Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities.....	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 9

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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, 2014, 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
October 8, 2014

SANCTUARY OF HOPE
(A Non-Profit Corporation)

STATEMENT OF FINANCIAL POSITION

ASSETS	<u>June 30, 2014</u>
Current assets:	
Cash and cash equivalents	\$ 34,015
Grants receivable	133,668
Prepaid expenses and other current assets	<u>4,004</u>
	<u>\$ 171,687</u>
 LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable and accrued expenses	\$ 36,650
Deferred revenue	<u>8,333</u>
	44,983
Commitments and contingencies	
Net assets:	
Unrestricted	<u>126,704</u>
Total net assets	<u>126,704</u>
	<u>\$ 171,687</u>

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

SANCTUARY OF HOPE
(A Non-Profit Corporation)

STATEMENT OF ACTIVITIES

	<u>For The Year Ended June 30, 2014</u> Unrestricted
Support and revenue:	
Governmental contracts revenue	\$ 100,000
Contributions	131,199
In-kind contributions	<u>27,000</u>
Total support and revenue	<u>258,199</u>
Functional expenses:	
Program	195,860
General and administrative	34,678
Fundraising	<u>11,835</u>
Total functional expenses	<u>242,373</u>
Change in net assets	15,826
Net assets, beginning of year	<u>110,878</u>
Net assets, end of year	<u>\$ 126,704</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, 2014				
	Program	General and Administrative	Fundraising	Total
Salaries, payroll taxes & fees	\$ 94,722	\$ 18,585	\$ 7,966	\$ 121,273
In-kind goods & services	21,600	5,400	-	27,000
Advertising	517	232	560	1,309
Bank fees	-	206	-	206
Repair and maintenance	2,957	886	-	3,843
Security	1,199	51	-	1,250
Membership and dues	-	268	-	268
Outside services	13,550	3,200	1,700	18,450
Rent	28,600	813	688	30,101
Office expenses	4,585	1,680	94	6,359
Insurance	5,343	980	67	6,390
Miscellaneous	2,178	1,117	572	3,867
License and permit	-	181	-	181
Meeting	-	157	-	157
Utilities	5,262	852	136	6,250
Specific client assistance	11,665	-	-	11,665
Telephone	3,682	70	52	3,804
	\$ 195,860	\$ 34,678	\$ 11,835	\$ 242,373
	81%	14%	5%	100%

*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, 2014</u>
Cash flows from operating activities:	
Change in net assets	\$ 15,826
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	(9,618)
Prepaid expenses and other current assets	(2,407)
Accounts payable and accrued expenses	<u>26,731</u>
Net cash provided by operating activities	<u>30,532</u>
Net increase in cash and cash equivalents	30,532
Cash and cash equivalents, beginning of year	<u>3,483</u>
Cash and cash equivalents, end of year	<u>\$ 34,015</u>

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

NOTES TO FINANCIAL STATEMENTS

For The Year Ended June 30, 2014

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESNature 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 individual and foundation 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 donor, 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, 2014.

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, 2014, 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.

NOTES TO FINANCIAL STATEMENTS

For The Year Ended June 30, 2014

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 \$27,000. 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.

SANCTUARY OF HOPE

NOTES TO FINANCIAL STATEMENTS

For The Year Ended June 30, 2014

NOTE 2 – COMMITMENTS AND CONTINGENCIES

Leases

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:

Fiscal Year Ending June 30, 2013	
2015	\$ 24,000
2016	<u>18,000</u>
	<u>\$ 42,000</u>

Rent expense for the year ended June 30, 2014 totaled \$30,101.

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.