

SANCTUARY OF HOPE
(A Non-Profit Corporation)

FINANCIAL STATEMENTS

For The Year Ended June 30, 2018
with

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT THEREON

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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, 2018, 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.



Steven D Cooper, Accountant
Long Beach, California
February 20, 2019

SANCTUARY OF HOPE
(A Non-Profit Corporation)

STATEMENT OF FINANCIAL POSITION

| | <u>June 30, 2018</u> |
|---|--------------------------|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 19,829 |
| Grants receivable | 141,796 |
| Prepaid expenses and other current assets | <u>6,693</u> |
| | \$ <u>168,318</u> |
| Fixed assets: | |
| Vehicle | \$ 31,450 |
| Accumulated Depreciation | <u>(6,291)</u> |
| | \$ <u>25,159</u> |
| Total Assets | \$ <u><u>193,477</u></u> |

LIABILITIES AND NET ASSETS

| | |
|---------------------------------------|--------------------------|
| Current liabilities: | |
| Accounts payable and accrued expenses | \$ 36,245 |
| Deferred Revenue | <u>57,151</u> |
| | \$ <u>93,396</u> |
| Commitments and contingencies | |
| Net assets: | |
| Unrestricted | \$ 86,444 |
| Temporarily Restricted | 13,637 |
| Total net assets | <u>100,081</u> |
| | \$ <u><u>193,477</u></u> |

SANCTUARY OF HOPE
(A Non-Profit Corporation)

STATEMENT OF ACTIVITIES

| | For The Year Ended June 30, 2018 |
|--------------------------------|--|
| | <u>Unrestricted</u> |
| Support and revenue: | |
| Governmental contracts revenue | \$ 309,304 |
| Contributions | 119,234 |
| Program revenue | <u>3,900</u> |
| Total support and revenue | \$ <u>432,438</u> |
| Functional expenses: | |
| Program | 303,701 |
| General and administrative | 84,113 |
| Fundraising | <u>5,837</u> |
| Total functional expenses | \$ <u>393,651</u> |
| Change in net assets | 84,375 |
| Net assets, beginning of year | <u>15,706</u> |
| Net assets, end of year | \$ <u><u>100,081</u></u> |

SANCTUARY OF HOPE
(A Non-Profit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2018

| | Program | General and | | Total |
|--------------------------------|-------------------|------------------|-----------------|-------------------|
| | | Administrative | Fundraising | |
| Salaries, payroll taxes & fees | \$ 126,040 | \$ 20,542 | \$ 1,642 | \$ 148,224 |
| Accounting | - | 11,176 | 86 | 11,262 |
| Advertising | 600 | 207 | 431 | 1,238 |
| Automobile | 725 | - | - | 725 |
| Bank fees | 129 | 747 | 76 | 952 |
| Dues and Membership | - | 18 | - | 18 |
| Food | 273 | - | - | 273 |
| Information Technology | 8,828 | 4,841 | 1,550 | 15,219 |
| Insurance | 6,979 | 818 | 166 | 8,963 |
| Legal | 900 | - | - | 900 |
| Office expense | - | 1,386 | - | 1,386 |
| Other | 1,555 | 3,144 | - | 4,699 |
| Outside services | 4,200 | 2,972 | - | 7,172 |
| Postage | - | 183 | - | 183 |
| Printing | 1,552 | 115 | - | 1,667 |
| Recruitment | 2,506 | 145 | 29 | 2,680 |
| Rent | 100,063 | 21,766 | 375 | 122,204 |
| Repair and Maintenance | 6,510 | 12,006 | - | 18,516 |
| Security | 569 | - | - | 569 |
| Specific client assistance | 738 | - | - | 738 |
| Staff Development | 295 | 138 | 1,454 | 1,887 |
| Supplies | 33,887 | 2,671 | - | 36,558 |
| Telecommunications | 2,444 | 672 | 28 | 3,144 |
| Travel | - | 85 | - | 85 |
| Utilities | 4,908 | 481 | - | 5,389 |
| | <u>\$ 303,701</u> | <u>\$ 84,113</u> | <u>\$ 5,837</u> | <u>\$ 393,651</u> |
| | <u>77%</u> | <u>21%</u> | <u>2%</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

| | For The Year Ended June 30, 2018 |
|---|--|
| Cash flows from operating activities: | |
| Change in net assets | \$ 84,375 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 2,097 |
| Change in operating assets and liabilities: | |
| Grants and contract receivables | 123,317 |
| Prepaid expenses and other current assets | 2,992 |
| Accounts payable and accrued expenses | (5,778) |
| Deferred Revenue | <u>57,151</u> |
| Net cash provided by operating activities | <u>161,408</u> |
| Net increase in cash and cash equivalents | 11,536 |
| Cash and cash equivalents, beginning of year | <u>8,293</u> |
| Cash and cash equivalents, end of year | <u>\$ <u>19,829</u></u> |

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

SANCTUARY OF HOPE
NOTES TO FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

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’s activities are primarily funded by federal, county and city government contracts and by direct contributions from foundations, individuals, and corporations.

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. The Organization had \$86,444 of unrestricted net assets as of June 30, 2018.

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. The Organization had \$13,637 of temporarily restricted net assets as of June 30, 2018.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that the corpus be maintained permanently by the Organization. The donors of these assets permit the Organization to use all or part of the income or gains earned on related investments for general (unrestricted) or specific (temporarily restricted) purposes.

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.

SANCTUARY OF HOPE
NOTES TO FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

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, 2018, the Organization had no deposits that were in excess of FDIC limits.

Grant and contracts receivable

The Organization’s grant and contracts receivable consists, primarily, of amounts due from contracted government grant reimbursement requests. It is the policy of management to review outstanding contracts receivable at year-end, as well as any historical bad debt write-offs, to establish an allowance for uncollectible amounts. Management believes that contracts receivable are fully collectible at June 30, 2018, and as such, no allowance for uncollectible accounts has been recorded.

Property and Equipment

The Organization capitalizes all expenditures for and donations of property and equipment with a fair value in excess of \$5,000. 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.

SANCTUARY OF HOPE
NOTES TO FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

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

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.

Government contract revenue

The Organization receives a significant portion of its total revenue and support under various government contracts that pay the Organization based upon reimbursable costs as defined by the contract. Reimbursement recorded under these contracts are subject to audit. Management believes that material adjustments will not result from subsequent audits.

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.

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. During the year ended June 30, 2018, the Organization had no unrelated business income.

SANCTUARY OF HOPE

NOTES TO FINANCIAL STATEMENTS

For The Year Ended June 30, 2018

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

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.

Program services – Expenses include costs that primarily relate to client services and programs.

Supporting services – Expenses include costs that primarily relate to management and general administration.

Fundraising expenses – Expenses include costs that primarily relate to fundraising activities to obtain grants and generate revenue through contributions.

NOTE 2 – COMMITMENTS AND CONTINGENCIES

Property and Equipment

Property and equipment as of June 30, 2018 consists of:

| | |
|-------------------------------|----------------|
| Vehicle | \$ 31,450 |
| Less accumulated depreciation | <u>(6,291)</u> |
| | \$ 25,159 |

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.