

CIRCLE OF HOPE, INC.

NEEDHAM, MASSACHUSETTS

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Circle of Hope, Inc.

We have audited the accompanying statement of financial position of Circle of Hope, Inc. (a nonprofit organization) as of June 30, 2012, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Circle of Hope, Inc. as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Livingston & Haynes, P.C.

Wellesley, Massachusetts
April 1, 2013

CIRCLE OF HOPE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012

ASSETS

Cash and Cash Equivalents	\$ 72,416
TOTAL ASSETS	\$ 72,416

LIABILITIES AND NET ASSETS

Accrued Expenses	\$ 2,000
TOTAL LIABILITIES	2,000
Net assets; Unrestricted	<u>70,416</u>
TOTAL NET ASSETS	<u>70,416</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 72,416

See accompanying notes to financial statements.

CIRCLE OF HOPE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Support and revenue:		
Grant	\$	3,900
Contributions		48,024
Fundraising		<u>4,357</u>
TOTAL SUPPORT AND REVENUE		56,281
Expenses:		
Program services:		
Greater Boston Community Exchange		8,580
International Medical Team		<u>26,957</u>
TOTAL PROGRAM SERVICES		35,537
Supporting services:		
Management and general		<u>8,657</u>
TOTAL EXPENSES		<u>44,194</u>
INCREASE IN NET ASSETS		12,087
Net assets at beginning of year		<u>58,329</u>
NET ASSETS AT END OF YEAR	\$	<u>70,416</u>

See accompanying notes to financial statements.

CIRCLE OF HOPE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012

Cash flows from operating activities:	
Increase in net assets	\$ 12,087
Increase (decrease) in liabilities:	
Accrued expenses	2,000
Accounts payable	<u>(1,610)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	
AND NET INCREASE IN CASH AND CASH EQUIVALENTS	12,477
Cash and cash equivalents at beginning of year	<u>59,939</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 72,416</u>

See accompanying notes to financial statements.

CIRCLE OF HOPE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012

	PROGRAM SERVICES			Supporting Services	Total
	Greater Boston				
	Community Exchange	International Medical Team	Total Program Services	Management and General	Expenses
Items to be donated	\$ 3,180	\$ -	\$ 3,180	\$ -	\$ 3,180
Nazille Nurse- Other	-	1,845	1,845	-	1,845
Medical Supplies	-	16,211	16,211	-	16,211
Travel & Meetings - Other	-	8,301	8,301	-	8,301
Postage, Mailing Service	-	-	-	257	257
Printing and Copying	-	-	-	673	673
Subscriptions and Fees	-	-	-	60	60
Technology/Website	-	-	-	1,431	1,431
Telephone, Telecommunications	-	-	-	806	806
Office Supplies	-	-	-	944	944
Professional Fees	-	-	-	4,230	4,230
Bank Fees	-	-	-	36	36
PayPal Fees	-	-	-	220	220
Management Fees	5,400	600	6,000	-	6,000
TOTAL EXPENSES	\$ 8,580	\$ 26,957	\$ 35,537	\$ 8,657	\$ 44,194

See accompanying notes to financial statements.

CIRCLE OF HOPE, INC.
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Circle of Hope is a non-profit organization dedicated to serving people in need. Their mission is to promote the dignity and wellbeing of people when they need it most. They are staffed by compassionate volunteers and their programs rely on generous contributions of goods, services and monetary gifts. They currently operate two human-service programs, Greater Boston Community Exchange and International Medical Team. Circle of Hope is a not-for-profit corporation organized under Massachusetts law, and is managed by a volunteer board of directors. Circle of Hope derives a substantial amount of its revenue from donations and a small amount from grants.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ASC Topic 958 (formerly SFAS No. 117, "Financial Statements of Not-for-Profit Organizations"). Under the codification, 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.

Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Accrual Basis

The financial statements of Circle of Hope have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

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.

CIRCLE OF HOPE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include bank deposits and PayPal accounts. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes, if any, are not considered cash and cash equivalents for purposes of the statement of cash flows.

Donated Materials and Facilities

No amounts have been reflected in the accompanying financial statements for the use of the facilities and certain equipment used by Circle of Hope but owned by the Christ Episcopal Church, inasmuch as no objective basis is available to measure the value of such property. The value of clothing and other goods donated to Circle of Hope is not substantiated and is, therefore, not recorded.

Income Tax Status

Circle of Hope is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However income, if any, from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

Circle of Hope recognizes the tax benefit from any uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the tax position. Any tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. Management has analyzed Circle of Hope's tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open years (2009-2011) or expected to be taken in the 2012 tax return. Circle of Hope identifies its major tax jurisdictions as U.S. Federal and the Commonwealth of Massachusetts; however, Circle of Hope is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months. Circle of Hope also follows the policy to recognize interest and penalties related to unrecognized tax benefits (if any) in income tax expense. No such interest and penalties have been accrued as of June 30, 2012.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. These costs include direct and indirect costs that have been allocated, on a consistent basis, among the program and supporting services benefited.

CIRCLE OF HOPE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

NOTE B - EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 1, 2013, the date which the financial statements were available to be issued, and has determined that there were no subsequent events requiring adjustment or disclosure in the financial statements.