

CIRCLE OF HOPE, INC.
FINANCIAL STATEMENTS
June 30, 2015

CIRCLE OF HOPE, INC.

Financial Statements

June 30, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Circle of Hope, Inc.
Needham, Massachusetts

We have audited the accompanying financial statement of Circle of Hope, Inc. (a non-profit corporation), which comprise the statement of financial position as of June 30, 2015 and the related statement of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2015 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.

Treeful Damaso Aniceto, Inc.

December 23, 2015

CIRCLE OF HOPE, INC.
Statement of Financial Position
June 30, 2015

ASSETS

Cash and cash equivalents	<u>\$ 92,169</u>
TOTAL CURRENT ASSETS	92,169
PROPERTY AND EQUIPMENT	<u>25,688</u>
TOTAL ASSETS	<u>\$117,857</u>

LIABILITIES AND NET ASSETS

Accounts payable	<u>\$ 882</u>
TOTAL LIABILITIES	882
NET ASSETS	
Unrestricted	116,390
Temporarily restricted	<u>585</u>
TOTAL NET ASSETS	<u>116,975</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$117,857</u>

See accompanying notes and independent auditors' report.

CIRCLE OF HOPE, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 162,134	\$ -	\$ 162,134
In-kind donations	536,309	-	536,309
Interest income	8	-	8
Net assets released from restriction	10,200	(10,200)	-
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	708,651	(10,200)	698,451
EXPENSES			
Program services:			
Greater Boston Community Exchange	613,095	-	613,095
International Medical Team	22,408	-	22,408
Supporting services:			
Management and general	20,631	-	20,631
Fundraising	11,405	-	11,405
TOTAL EXPENSES	667,540	-	667,540
CHANGE IN NET ASSETS	41,111	(10,200)	30,911
NET ASSETS BEGINNING OF YEAR	75,279	10,785	86,064
NET ASSETS END OF YEAR	<u>\$ 116,390</u>	<u>\$ 585</u>	<u>\$ 116,975</u>

See accompanying notes and independent auditors' report.

CIRCLE OF HOPE, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2015

	<u>PROGRAM SERVICES</u>			<u>SUPPORT SERVICES</u>		
	Greater Boston Community Exchange	International Medical Team	Total Program Services	Fundraising	Management and General	Total Expenses
Clothing and toiletries	\$ 544,751	\$ -	\$544,751	\$ -	\$ -	\$544,751
Payroll	35,287	3,601	38,888	-	9,722	48,610
Facilities and equipment	12,490	10,000	22,490	2,398	-	24,888
Management fee	5,400	-	5,400	-	600	6,000
Medical supplies	-	7,218	7,218	-	-	7,218
Insurance	1,830	-	1,830	-	457	2,287
Postage and mailing	-	-	-	-	808	808
Printing and copying	-	-	-	4,007	2,594	6,601
Professional fees	3,097	-	3,097	5,000	2,476	10,573
Office supplies	-	622	622	-	2,601	3,223
Travel and meetings	1,281	967	2,248	-	660	2,908
Telephone and computer	2,852	-	2,852	-	713	3,565
Depreciation	6,107	-	6,107	-	-	6,107
TOTAL EXPENSES	<u>\$ 613,095</u>	<u>\$ 22,408</u>	<u>\$635,503</u>	<u>\$ 11,405</u>	<u>\$ 20,631</u>	<u>\$667,540</u>

See accompanying notes and independent auditors' report.

CIRCLE OF HOPE, INC.
Statement of Cash Flows
For the Year Ended June 30, 2015

Cash flows from operating activities	
Increase in net assets	\$ 30,911
Depreciation	6,107
Increase (decrease) in liabilities	
Accounts payable	<u>350</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	37,368
Cash flows from investing activities	
Purchase of delivery van	<u>(30,555)</u>
NET CASH USED BY INVESTING ACTIVITIES	(30,555)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>85,356</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 92,169</u>

See accompanying notes and independent auditors' report.

CIRCLE OF HOPE, INC.
Notes to the Financial Statements
June 30, 2015

NOTE 1 - Summary of Significant Accounting Policies:

Organization

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.

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.

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 that are based upon the existence or absence of restrictions on the use that are placed by its donors: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Organization's unspent contributions are reported in this class if the donor limited their use, as are promised contributions that are not yet due.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as temporarily restricted net assets if the donor has restricted the use of the property or equipment to a particular program. If donors specify a length of time over which the property or equipment must be used, the restrictions expire evenly over the required period. Absent that type of restriction for use, the Organization considers the restriction met when the assets are placed in service.

CIRCLE OF HOPE, INC.
Notes to the Financial Statements
June 30, 2015

NOTE 1 - Summary of Significant Accounting Policies (continued):

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets.

Permanently restricted net assets are resources whose use is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time.

Income Taxes

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 (2012-2014) or expected to be taken in the 2015 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, 2015.

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.

Property and Equipment

Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives. Major additions and betterments are charged to the property accounts while replacements, maintenance and repairs which will not improve or extend the life of the respective assets are expensed in the year incurred. The Organization capitalizes all expenditures for property and equipment within excess of \$500.

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.

CIRCLE OF HOPE, INC.
Notes to the Financial Statements
June 30, 2015

NOTE 1 - Summary of Significant Accounting Policies (continued):

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.

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.

NOTE 2 - Donated Material and Facilities:

The value of clothing and other goods donated to Circle of Hope is measured by using the Salvation Army Donation Value Guide for used clothing (including shoes, boots, coats), bedding, and linens. 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.

NOTE 3 - Donated Services:

The Organization does not recognize any support, revenue or expense from goods and services contributed by donors or volunteers, unless fair value of goods donated exceeds \$1,000. Contributed services are recognized as revenue only if the services create or enhance non-financial assets or require special skills, are provided by individuals possessing those skills and typically need to be purchased if not provided by donation.

NOTE 4 - Concentration of Credit Risk:

The Organization maintains its cash balances in two financial institutions. Cash accounts at each of these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2015 there was no uninsured cash.

NOTE 5 – COH Haiti:

The International Medical Team, currently referred to as COH Haiti, concluded its program on December 31, 2015 and is in the process of dissolution. Any remaining funds in its accounts as of that date will be contributed to the Desir Foundation of Haiti.

NOTE 6 - Subsequent Events:

Subsequent events were evaluated through December 23, 2015, which is the date which the financial statements were available to be issued. There were no subsequent events that require adjustments to or disclosure in the financial statements.