

# D.E. RODRIGUES & COMPANY, INC.

CERTIFIED PUBLIC ACCOUNTANTS - MANAGEMENT CONSULTANTS

*Where Your Financial Success Begins*

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Gifts to Give, Inc.

Financial Statements

and

Independent Accountants' Review Report

March 31, 2015 and 2014

**Gifts to Give, Inc.**

**Financial Statements**

**For the Years Ended  
March 31, 2015 and 2014**

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**D.E. RODRIGUES & COMPANY, INC.**

CERTIFIED PUBLIC ACCOUNTANTS - MANAGEMENT CONSULTANTS

## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
Gifts to Give, Inc.

We have reviewed the accompanying financial statements of Gifts to Give, Inc. (a non-profit corporation), which comprise the statements of financial position as of March 31, 2015 and 2014 and the related statements of activities, functional expenses and cash flows, for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Fall River, Massachusetts  
August 18, 2015

**D.E. RODRIGUES & COMPANY, INC.**

CERTIFIED PUBLIC ACCOUNTANTS - MANAGEMENT CONSULTANTS

# Gifts to Give, Inc.

## Statements of Financial Position March 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash	\$ 6,082	\$ 1,067
Property and equipment, net	<u>25,225</u>	<u>22,173</u>
<b>Total assets</b>	<u><u>\$ 31,307</u></u>	<u><u>\$ 23,240</u></u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accrued expenses	\$ 12,675	\$ -
<b>Net assets, unrestricted</b>	<u>18,632</u>	<u>23,240</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 31,307</u></u>	<u><u>\$ 23,240</u></u>

# Gifts to Give, Inc.

## Statements of Activities For the Years Ended March 31, 2015 and 2014

	2015	2014
Program and other revenue		
Contributions - cash	\$ 174,386	\$ 162,211
Contributions - in-kind	83,087	72,221
Contributions - supplies	226,210	265,750
Interest income	2	2
	<u>483,685</u>	<u>500,184</u>
Expenses		
Program	433,949	458,015
Management and general	48,691	40,194
Fundraising	5,653	11,897
	<u>488,293</u>	<u>510,106</u>
Change in net assets	(4,608)	(9,922)
Net assets at beginning of year	<u>23,240</u>	<u>33,162</u>
Net assets at end of year	<u>\$ 18,632</u>	<u>\$ 23,240</u>

# **Gifts to Give, Inc.**

## **Statement of Functional Expenses For the Year Ended March 31, 2015**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Donated supplies	\$ 227,322	\$ -	\$ -	\$ 227,322
Occupancy	113,994	20,116	-	134,110
Warehouse supplies	11,168	-	-	11,168
Professional fees	16,623	2,934	-	19,557
Office expenses	10,495	7,599	-	18,094
Repairs	10,187	1,798	-	11,985
Meals	12,112	2,137	-	14,249
Auto expenses	9,181	-	-	9,181
Miscellaneous	2,886	4,913	-	7,799
Depreciation	7,580	1,338	-	8,918
Program expenses	7,144	-	-	7,144
Insurance	-	6,589	-	6,589
Contract services	5,257	928	-	6,185
Marketing	-	-	2,962	2,962
Fundraising	-	-	2,691	2,691
Travel	-	339	-	339
	<u>\$ 433,949</u>	<u>\$ 48,691</u>	<u>\$ 5,653</u>	<u>\$ 488,293</u>

*Continued...*

# Gifts to Give, Inc.

## Statement of Functional Expenses For the Year Ended March 31, 2014

	Program	Management and General	Fundraising	Total
Donated supplies	266,100	-	-	266,100
Occupancy	\$ 98,165	\$ 17,323	\$ -	\$ 115,488
Professional fees	19,398	3,423	-	22,821
Office expenses	11,412	8,264	-	19,676
Program expenses	17,383	-	-	17,383
Wages	9,812	1,732	-	11,544
Auto expenses	10,636	-	-	10,636
Meals	7,641	1,348	-	8,989
Depreciation	6,492	1,146	-	7,638
Fundraising	-	-	7,316	7,316
Warehouse supplies	5,864	-	-	5,864
Insurance	-	4,643	-	4,643
Marketing	-	-	4,581	4,581
Payroll taxes	3,012	531	-	3,543
Miscellaneous	926	1,577	-	2,503
Real estate taxes	653	115	-	768
Contract services	438	77	-	515
Repairs	83	15	-	98
	<u>\$ 458,015</u>	<u>\$ 40,194</u>	<u>\$ 11,897</u>	<u>\$ 510,106</u>



# Gifts to Give, Inc.

## Statements of Cash Flows For the Years Ended March 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ (4,608)	\$ (9,922)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	8,918	7,638
Accrued expenses	<u>12,675</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>16,985</u>	<u>(2,284)</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(11,970)</u>	<u>-</u>
Net cash used in investing activities	<u>(11,970)</u>	<u>-</u>
Net increase (decrease) in cash	5,015	(2,284)
Cash at beginning of year	<u>1,067</u>	<u>3,351</u>
Cash at end of year	<u><u>\$ 6,082</u></u>	<u><u>\$ 1,067</u></u>



# Gifts to Give, Inc.

## Notes to Financial Statements For the Years Ended March 31, 2015 and 2014

### 1. Organization

Gifts to Give, Inc. (the "Organization") was organized under the laws of the Commonwealth of Massachusetts for the purpose of operating a large scale repurposing center, designed to use thousands of student volunteers to reprocess donated in-kind items designated for children residing on the south coast of Massachusetts.

### 2. Summary of Significant Accounting Policies

#### *Basis of Presentation*

The accompanying financial statements of the Organization are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

#### *Basis of Presentation*

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.

#### *Unrestricted Net Assets*

Unrestricted net assets represent those assets which the Organization may use at its discretion.

#### *Temporarily Restricted Net Assets*

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. When a donor restriction expires or the purpose of the 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.

#### *Permanently Restricted Net Assets*

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of those assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

#### *Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# Gifts to Give, Inc.

## Notes to Financial Statements For the Years Ended March 31, 2015 and 2014

### 2. Summary of Significant Accounting Policies (Continued)

#### *Donated Items*

The Organization receives donations of new and used supplies and equipment from individuals and organizations in the United States. The Organization in turn, gives these donated goods, at no charge, to other organizations with the intent of the goods ultimately being delivered to children in need. The Organization records the donated goods at their estimated fair value on the date of donation. During the years ended March 31, 2015 and 2014, the Organization received donations of supplies with an estimated fair value of \$226,210 and \$265,750, respectively.

To determine fair value, the Organization gathers as much information as possible on each donated good. The value is obtained by researching websites of vendors selling similar goods. If the value for the exact piece cannot be obtained, then the value for a comparable item can be substituted.

#### *Donated Services*

Donated services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

#### *Recognition of Donor Restrictions*

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.

#### *Property and Equipment*

All acquisitions of property and equipment in excess of \$1,500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets. Estimated useful lives are five years for office equipment and ten years for furniture and fixtures.

#### *Advertising*

The Organization expenses advertising costs as incurred. Advertising expense amounted to \$2,962 and \$4,581 for the years ended March 31, 2015 and 2014, respectively.

#### *Functional Expense Allocation*

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

# Gifts to Give, Inc.

## Notes to Financial Statements For the Years Ended March 31, 2015 and 2014

### 2. Summary of Significant Accounting Policies (Continued)

#### *Income Taxes*

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from Massachusetts state income taxes under Massachusetts General Law 180. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income at both the federal and state levels. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

The Organization evaluates all significant tax positions. As of March 31, 2015 and 2014, the Organization does not believe that it has taken any tax positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. The Organization's tax returns are subject to examination by the appropriate taxing jurisdictions. As of March 31, 2015, the Organization's federal and state tax returns generally remain open for examination for three years from the date filed with each taxing jurisdiction.

#### *Management Review*

The Organization has evaluated all subsequent events through August 18, 2015, the date the financial statements were available to be issued.

### 3. Property and equipment

Property and equipment consists of the following at March 31:

	<u>2015</u>	<u>2014</u>
Equipment	\$ 15,803	\$ 15,327
Furniture and fixtures	47,685	36,087
Accumulated depreciation	<u>(38,159)</u>	<u>(29,241)</u>
	<u>\$ 25,329</u>	<u>\$ 22,173</u>

### 4. Donated Services

The value of donated services recorded as in-kind contributions in the financial statements for the years ended March 31:

	<u>2015</u>	<u>2014</u>
Rent	\$ 65,450	\$ 51,000
Accounting services	9,292	12,791
Legal services	<u>8,345</u>	<u>8,430</u>
	<u>\$ 83,087</u>	<u>\$ 72,221</u>



# Gifts to Give, Inc.

## Notes to Financial Statements For the Years Ended March 31, 2015 and 2014

### 5. Commitments and Contingencies

The Company entered into a lease agreement for warehouse and office space located at One Titleist Drive, Acushnet, Massachusetts under a non-cancelable operating lease commencing August 1<sup>st</sup>, 2014 and ending July 31<sup>st</sup>, 2017 with an option for an additional three year period.

Future minimum lease payments as of March 31, 2015 are as follows:

<u>Year Ending</u>	
March 31, 2016	\$ 55,900
March 31, 2017	58,500
March 31, 2018	<u>19,500</u>
	<u>\$ 133,900</u>

In connection with the lease, rent expense was \$33,800 for the year ended March 31, 2015

### 6. Concentrations

The Company has a potential concentration of credit risk in that it maintains deposits with a financial institution in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). Beginning on January 1, 2013, the FDIC insures up to \$250,000, per depositor, per insured depository institution for each account ownership category.