

# D.E. RODRIGUES & COMPANY, INC.

CERTIFIED PUBLIC ACCOUNTANTS - MANAGEMENT CONSULTANTS

*Where Your Financial Success Begins*

215 PLEASANT STREET, P.O. BOX 3634, FALL RIVER, MA 02722-3634

TEL: (508) 679-6079 - (508) 999-0020, FAX: (508) 672-4938, WEB: RODRIGUESACCOUNTING.COM

Gifts to Give, Inc.

Financial Statements  
And  
Independent Auditors' Report

March 31, 2016

**Gifts to Give, Inc.**

**Financial Statements**

**For the Year Ended  
March 31, 2016**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Gifts to Give, Inc.  
Acushnet, Massachusetts

We have audited the accompanying financial statements of Gifts to Give, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2016, and the related statement of activities 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

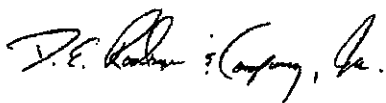
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Gifts to Give, Inc. as of March 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Fall River, Massachusetts  
October 4, 2016

# Gifts to Give, Inc.

## Statement of Financial Position March 31, 2016

	<u>2016</u>
<b>Assets</b>	
Cash	\$ 117,335
Receivable	1,883
Property and equipment, net	<u>43,508</u>
<b>Total assets</b>	<u><u>\$ 162,726</u></u>
<b>Liabilities and Net Assets</b>	
<b>Liabilities</b>	
Accrued expenses	\$ 12,025
<b>Net assets, unrestricted</b>	<u>150,701</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 162,726</u></u>

# Gifts to Give, Inc.

## Statement of Activities For the Year Ended March 31, 2016

	<u>2016</u>
Program and other revenue	
Contributions - cash	\$ 375,248
Contributions - in-kind	78,554
Contributions - supplies	243,870
Interest income	<u>1</u>
	<u>697,673</u>
Expenses	
Program	493,089
Management and general	56,817
Fundraising	<u>15,698</u>
	<u>565,604</u>
Change in net assets	132,069
Net assets at beginning of year	<u>18,632</u>
Net assets at end of year	<u><u>\$ 150,701</u></u>

**Gifts to Give, Inc.**

**Statement of Functional Expenses  
For the Year Ended March 31, 2016**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Donated supplies	\$ 248,894	\$ -	\$ -	\$ 248,894
Occupancy	127,183	22,444	-	149,627
Office expenses	18,705	13,545	-	32,250
Program expenses	22,693	-	-	22,693
Warehouse supplies	20,985	-	-	20,985
Meals	16,215	2,861	-	19,076
Professional fees	12,711	2,243	-	14,954
Fundraising events	-	-	12,995	12,995
Repairs	9,506	1,678	-	11,184
Depreciation	8,192	1,446	-	9,638
Miscellaneous	2,989	5,089	-	8,078
Insurance	-	7,477	-	7,477
Auto expenses	5,016	-	-	5,016
Marketing	-	-	2,703	2,703
Travel	-	34	-	34
	<u>\$ 493,089</u>	<u>\$ 56,817</u>	<u>\$ 15,698</u>	<u>\$ 565,604</u>

# Gifts to Give, Inc.

## Statement of Cash Flows For the Year Ended March 31, 2016

	<u>2016</u>
Cash flows from operating activities	
Change in net assets	\$ 132,069
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	9,638
Receivable	(1,883)
Accrued expenses	<u>(650)</u>
Net cash provided by operating activities	<u>139,174</u>
Cash flows from investing activities	
Purchase of property and equipment	<u>(27,921)</u>
Net cash used in investing activities	<u>(27,921)</u>
Net increase in cash	111,253
Cash at beginning of year	<u>6,082</u>
Cash at end of year	<u><u>\$ 117,335</u></u>

# Gifts to Give, Inc.

## Notes to Financial Statements For the Year Ended March 31, 2016

### 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 Year Ended March 31, 2016

### 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 year ended March 31, 2016, the Organization received donations of supplies with an estimated fair value of \$243,870.

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 \$2,703 for the year ended March 31, 2016.

#### *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 Year Ended March 31, 2016

### 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, 2016, 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, 2016, 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 October 04, 2016, 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>2016</u>
Equipment	\$ 15,699
Furniture and fixtures	59,406
Leasehold improvements	16,200
Accumulated depreciation	<u>(47,797)</u>
	<u>\$ 43,508</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>2016</u>
Rent	\$ 66,300
Accounting services	11,149
Legal services	<u>1,105</u>
	<u>\$ 78,554</u>

# Gifts to Give, Inc.

## Notes to Financial Statements For the Year Ended March 31, 2016

### 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, 2016 are as follows:

For the Years Ended March 31,	
2017	50,700
2018	<u>16,900</u>
	<u>\$ 67,600</u>

In connection with the lease, for the year ended March 21, 2016 rent expense was \$50,700.

### 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.

For the year ended March 31, 2016, approximately 53% of total support and revenue is attributed to one donor.