

# 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 Accountants' Review Report

March 31, 2019

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To Management  
Gifts to Give, Inc.  
Acushnet, MA 02743

We have reviewed the accompanying financial statements of Gifts to Give, Inc. (a non-profit organization), which comprise the statement of financial position as of March 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 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.

### **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.

*D.E. Rodrigues & Company, Inc.*

Fall River, Massachusetts  
January 8, 2021

**Gifts to Give, Inc.**

**Financial Statements**

**For the Years Ended  
March 31, 2019**

**Contents**

	<b>Page(s)</b>
Independent accountants' review report.....	1
Financial statements	
Statements of financial position.....	2
Statements of activities.....	3
Statements of functional expenses.....	4
Statements of cash flows.....	5
Notes to financial statements.....	6-10

# Gifts to Give, Inc.

## Statements of Financial Position March 31, 2019

### Assets

Cash	\$	10,823
Deposits		14,000
Property and equipment, net		<u>71,677</u>

<b>Total assets</b>	<b>\$</b>	<b><u>96,500</u></b>
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### Liabilities and Net Assets

#### Liabilities

Accrued expenses	\$	8,092
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<b>Net assets, without donor restrictions</b>		<b><u>88,408</u></b>
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<b>Total liabilities and net assets</b>	<b>\$</b>	<b><u>96,500</u></b>
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# Gifts to Give, Inc.

## Statements of Activities For the Years Ended March 31, 2019

	Without Donor Restrictions
Program and other revenue	
Contributions - cash	\$ 230,425
Contributions - in-kind	99,502
Contributions - supplies	<u>195,565</u>
	<u>525,492</u>
Expenses	
Program	479,573
Management and general	69,175
Fundraising	<u>20,624</u>
	<u>569,372</u>
Change in net assets	(43,880)
Net assets at beginning of year	<u>132,288</u>
Net assets at end of year	<u><u>\$ 88,408</u></u>

# **Gifts to Give, Inc.**

## **Statement of Functional Expenses For the Year Ended March 31, 2019**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Donated supplies	\$ 209,613	\$ -	\$ -	\$ 209,613
Occupancy	128,523	22,681	-	151,204
Professional fees	33,409	5,896	-	39,305
Warehouse supplies	33,735	-	-	33,735
Office Expenses	16,742	12,123	-	28,865
Repairs	15,354	2,710	-	18,064
Meals	15,000	2,647	-	17,647
Depreciation	13,903	2,454	-	16,357
Insurance	-	13,644	-	13,644
Marketing	-	-	10,645	10,645
Fundraising events	-	-	9,979	9,979
Program Expense	6,074	-	-	6,074
Miscellaneous	2,147	3,657	-	5,804
Auto expenses	5,073	-	-	5,073
Contract Services	-	3,363	-	3,363
	<u>\$ 479,573</u>	<u>\$ 69,175</u>	<u>\$ 20,624</u>	<u>\$ 569,372</u>



# Gifts to Give, Inc.

## Statements of Cash Flows For the Years Ended March 31, 2019

	<u>2019</u>
Cash flows from operating activities	
Change in net assets	\$ (43,880)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	16,357
Deposits	(14,000)
Prepaid expenses	2,303
Accrued expenses	<u>1,825</u>
Net cash (used in) provided by operating activities	<u>(37,395)</u>
Cash flows from investing activities	
Purchase of property and equipment	<u>(29,424)</u>
Net cash used in investing activities	<u>(29,424)</u>
Net (decrease) increase in cash	(66,819)
Cash at beginning of year	<u>77,642</u>
Cash at end of year	<u><u>\$ 10,823</u></u>

# Gifts to Give, Inc.

## Notes to Financial Statements For the Years Ended March 31, 2019

### 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 two classes of net assets: net assets without restrictions, and net assets with restrictions.

#### *Without Donor Restrictions*

Net Assets without donor restrictions represent those assets which the Organization may use at its discretion.

#### *With Donor Restrictions*

Net Assets with donor restrictions 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.

#### *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, 2019, the Organization received donations of supplies with an estimated fair value of \$195,565.

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.



# **Gifts to Give, Inc.**

## **Notes to Financial Statements For the Years Ended March 31, 2019**

### **Summary of Significant Accounting Policies (cont.)**

#### *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 net assets without restrictions 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. Leasehold improvements are amortized over shorter of their estimated useful life or the terms of the related leases.

#### *Advertising*

The Organization expenses advertising costs as incurred. Advertising expense amounted to \$10,645 for the year ended March 31, 2019.

#### *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, 2019

### Summary of Significant Accounting Policies (cont.)

#### *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, 2019, 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, 2019, 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 January 8, 2021, the date the financial statements were available to be issued.

### 3. Property and Equipment

Property and equipment consists of the following at March 31:

	2019
Equipment	\$ 26,065
Furniture and fixtures	59,406
Leasehold Improvements	49,848
Software	29,424
Accumulated depreciation	(93,066)
	<u>\$ 71,677</u>

### 4. Donated Services

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

	2019
Rent	\$ 66,300
Accounting services	18,282
Legal services	14,920
	<u>\$ 99,502</u>



# Gifts to Give, Inc.

## Notes to Financial Statements For the Years Ended March 31, 2019

### 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 two additional three year periods. The Organization extended its lease for an additional six years. The verbal lease agreement expires on July 31, 2023 with a monthly payment amounting to \$4,875.

Future minimum lease payments are as follows for the years ended March 31.

2020	\$	58,500
2021		58,500
2022		58,500
2023		19,500
	\$	<u>195,000</u>

In connection with the lease, for the years ended March 31, 2019 rent expense was \$68,100.

### 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.

### 7. Liquidity and Availability

The following reflects the Organization's financial assets as of March 31, 2019, reduced by amounts not available for general use within one year of the statement of financial position date. Amounts not available include net assets with donor-imposed time or purpose restrictions.

	<u>2019</u>
Financial assets at year-end:	
Cash	\$ 10,823
Deposits	<u>14,000</u>
Financial Assets Available to Meet	
General Expenditures Over the Next	
12 Months	<u>\$ 24,823</u>

The Organization has a policy to structure its financial assets to be available to meet its general expenditures, liabilities and other obligations as they become due. The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. In addition to financial assets available to meet general expenditures over the year, the Organization anticipates covering its general expenditures by collecting sufficient program revenues and other revenue. The statements of cash flows identifies the sources and uses of the Organization's cash and shows net cash used in operating activities of \$37,395 for the year ended March 31, 2019.

# **Gifts to Give, Inc.**

## **Notes to Financial Statements For the Years Ended March 31, 2019**

### **8. New Accounting Pronouncement**

On August 18, 2016 the Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The organization has adjusted the presentation of its financial statements accordingly. The new standard changes the following aspects of the Organization' financial statements:

The unrestricted net asset class has been renamed net assets without donor restrictions

The temporarily and permanently restricted net assets has been renamed net assets with donor restrictions

The financial statements include a new disclosure about liquidity and availability of resources.