

GIFTS TO GIVE, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

GIFTS TO GIVE, INC.

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GIFTS TO GIVE, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash	\$ 4,162	\$ 10,823
Deposits	19,883	14,000
Property and equipment, net	<u>52,386</u>	<u>71,677</u>
Total Assets	<u>\$ 76,431</u>	<u>\$ 96,500</u>
 Liabilities and Net Assets		
Liabilities		
Accrued expenses	\$ 5,083	\$ 8,092
Net Assets, without donor restrictions	<u>71,348</u>	<u>88,408</u>
Total Liabilities and Net Assets	<u>\$ 76,431</u>	<u>\$ 96,500</u>

No assurance is provided on these financial statements.

GIFTS TO GIVE, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

	2020	2019
Support and Revenue		
Contributions - cash	\$ 265,230	\$ 230,425
Contributions - in-kind	82,502	99,502
Contributions - supplies	<u>112,500</u>	<u>195,565</u>
	<u>460,232</u>	<u>525,492</u>
Expenses		
Program	375,467	479,573
Management and general	81,453	69,175
Fundraising	<u>20,372</u>	<u>20,624</u>
	<u>477,292</u>	<u>569,372</u>
Change in Net Assets	(17,060)	(43,880)
Net Assets at Beginning of Year	<u>88,408</u>	<u>132,288</u>
Net Assets at End of Year	<u><u>\$ 71,348</u></u>	<u><u>\$ 88,408</u></u>

No assurance is provided on these financial statements.

GIFTS TO GIVE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MARCH 31, 2020

	Program	Management and General	Fundraising	Total
Donated supplies	\$ 115,400	\$ --	\$ --	\$ 115,400
Occupancy	128,435	22,665	--	151,100
Professional fees	17,172	3,030	--	20,202
Warehouse supplies	32,136	--	--	32,136
Office expenses	22,882	16,569	--	39,451
Repairs	12,332	2,176	--	14,508
Meals	18,204	3,213	--	21,417
Depreciation	16,397	2,894	--	19,291
Insurance	--	11,393	--	11,393
Advertising	--	--	7,264	7,264
Fundraising events	--	--	13,108	13,108
Program expenses	2,371	--	--	2,371
Miscellaneous	1,931	3,289	--	5,220
Auto expenses	8,207	--	--	8,207
Contract services	--	16,224	--	16,224
	<u>\$ 375,467</u>	<u>\$ 81,453</u>	<u>\$ 20,372</u>	<u>\$ 477,292</u>

No assurance is provided on these financial statements.

GIFTS TO GIVE, INC.

STATEMENT OF FUNCTIONAL EXPENSES (Continued)

FOR THE YEAR ENDED MARCH 31, 2019

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

No assurance is provided on these financial statements.

GIFTS TO GIVE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ (17,060)	\$ (43,880)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	19,291	16,357
Changes in operating assets and liabilities:		
Decrease in prepaid expenses	--	2,303
Increase in deposits	(5,883)	(14,000)
(Decrease) increase in accrued expenses	(3,009)	1,825
Net Cash Used in Operating Activities	<u>(6,661)</u>	<u>(37,395)</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	<u>--</u>	<u>(29,424)</u>
Net Cash Used in Investing Activities	<u>--</u>	<u>(29,424)</u>
Net Decrease in Cash	(6,661)	(66,819)
Cash at Beginning of Year	<u>10,823</u>	<u>77,642</u>
Cash at End of Year	<u>\$ 4,162</u>	<u>\$ 10,823</u>

No assurance is provided on these financial statements.

GIFTS TO GIVE, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

NOTE 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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 donor restrictions and net assets with donor 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 may or will be met by actions of the Organization and/or the passage of time. There were no net assets with donor restrictions as of March 31, 2020 or 2019.

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, 2020 AND 2019

NOTE 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, 2020 and 2019, the Organization received donations of supplies with an estimated fair value of \$112,500 and \$195,565, respectively.

To determine fair value, the Organization obtains information from the 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 net assets without donor 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 net assets with donor restrictions depending on the nature of the restriction. When the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished), they are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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

GIFTS TO GIVE, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT (CONTINUED)

straight-line method over the estimated useful lives of the assets. Estimated useful lives are five years for equipment, ten years for furniture and fixtures and three years for software. Leasehold improvements are amortized over the shorter of their estimated useful life or the terms of the related leases.

ADVERTISING

The Organization expenses advertising costs as incurred.

FUNCTIONAL EXPENSE ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs that can be identified as wholly related to programs or support functions are charged directly to those programs or functions. Other costs have been allocated among the programs and supporting services based upon management's best estimates of the proportion of these costs applicable to each purpose.

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, 2020 and 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.

GIFTS TO GIVE, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING PRONOUNCEMENT ADOPTED

On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information presented about expenses and investment return. The ASU has been applied retroactively to all periods presented. The major changes of the ASU affecting Gifts to Give, Inc. include (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions,” and (b) requiring the disclosure of qualitative and quantitative information regarding the liquidity and availability of resources.

SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through **Xxxxx XX, 20**21, the date the financial statements were available to be issued.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 26,065	\$ 26,065
Furniture and fixtures	59,406	59,406
Leasehold improvements	49,848	49,848
Software	29,424	29,424
Accumulated depreciation	<u>(112,357)</u>	<u>(93,066)</u>
	<u>\$ 52,386</u>	<u>\$ 71,677</u>

GIFTS TO GIVE, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

NOTE 4 - DONATED SERVICES

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

	<u>2020</u>	<u>2019</u>
Rent	\$ 66,300	\$ 66,300
Accounting services	13,535	18,282
Legal services	<u>2,667</u>	<u>14,920</u>
	<u>\$ 82,502</u>	<u>\$ 99,502</u>

NOTE 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 1st, 2014 and ending July 31st, 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:

2021	\$ 58,500
2022	58,500
2023	<u>19,500</u>
	<u>\$ 136,500</u>

In connection with the lease, rent expense was \$68,100 for the years ended March 31, 2020 and 2019 and is included in occupancy in the accompanying statements of activities.

NOTE 6 – CONCENTRATIONS

The Organization 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”). The FDIC insures up to \$250,000, per depositor, per insured depository institution for each account ownership category.

GIFTS TO GIVE, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

NOTE 7 – LIQUIDITY AND AVAILABILITY

The following reflects the Organization’s financial assets as of March 31, 2020 and 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>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash	\$ 4,162	\$ 10,823
Deposits	<u>19,883</u>	<u>14,000</u>
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	<u>\$ 24,045</u>	<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 \$6,661 and \$37,395 for the years ended March 31, 2020 and 2019, respectively.