

CHARITABLE VENTURES  
OF  
ORANGE COUNTY  
( a nonprofit corporation )  
FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

## CONTENTS

Independent Accountant's Review Report	1 - 2
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets:	
For The Year Ended December 31, 2014	4
For The Year Ended December 31, 2013	5
Statements of Cash Flows	6
Statements of Functional Expenses:	
For The Year Ended December 31, 2014	7
For The Year Ended December 31, 2013	8
Notes to Financial Statements	9 - 11

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Charitable Ventures of  
Orange County

We have audited the accompanying financial statements of Charitable Ventures of Orange County, (a nonprofit organization), which comprise the financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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.

### **Auditors' Responsibility**

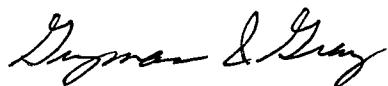
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 Charitable Ventures of Orange County, as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



GUZMAN & GRAY

Long Beach, CA

March 21, 2015

CHARITABLE VENTURES OF ORANGE COUNTY  
(a nonprofit corporation)  
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2014	2013
ASSETS		
Cash	\$ 1,388,386	\$ 723,947
Receivable	126,484	14,591
Deposits	38,500	-
Prepaid	896	1,432
	1,554,266	739,970
TOTAL ASSETS		

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	72,465	72,637
Accrued expenses	35,964	-
Contracts payable	9,632	-
Grant advance	947,186	406,327
	1,065,247	478,964
TOTAL LIABILITIES		
NET ASSETS		
Unrestricted	53,423	36,168
Temporarily restricted	435,596	224,838
	489,019	261,006
TOTAL NET ASSETS		
TOTAL LIABILITIES AND NET ASSETS	\$ 1,554,266	\$ 739,970

CHARITABLE VENTURES OF ORANGE COUNTRY  
(a nonprofit corporation)  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUES</b>			
Contributions	\$ 1,817	\$ 351,745	\$ 353,562
Contracts		11,890	11,890
Program income	165,839	122,791	288,630
Grants	1,250	1,040,978	1,042,228
Membership		15,850	15,850
Special events, net of direct donor benefits worth \$9,733		42,489	42,489
In-kind contributions	30,780		30,780
Other income	1	1	2
	<u>199,687</u>	<u>1,585,744</u>	<u>1,785,431</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>1,374,986</u>	<u>(1,374,986)</u>	
<b>TOTAL SUPPORT AND REVENUES</b>	<u>1,574,673</u>	<u>210,758</u>	<u>1,785,431</u>
<b>EXPENSES</b>			
Program	1,207,484		1,207,484
General and administrative	335,698		335,698
Fundraising	14,236		14,236
	<u>1,557,418</u>		<u>1,557,418</u>
<b>TOTAL EXPENSES</b>	<u>1,557,418</u>		<u>1,557,418</u>
<b>CHANGE IN NET ASSETS</b>	17,255	210,758	228,013
<b>BEGINNING NET ASSETS</b>	<u>36,168</u>	<u>224,838</u>	<u>261,006</u>
<b>ENDING NET ASSETS</b>	<u>\$ 53,423</u>	<u>\$ 435,596</u>	<u>\$ 489,019</u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements

CHARITABLE VENTURES OF ORANGE COUNTRY  
(a nonprofit corporation)  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUES</b>			
Contributions	\$ 346,536	\$ 388,247	\$ 734,783
Program income		24,865	24,865
Grants	225,250	528,259	753,509
Membership		1,994	1,994
Special events, net of direct benefits		62,554	62,554
In-kind contributions	36,000		36,000
Other income		107	107
	<u>607,786</u>	<u>1,006,026</u>	<u>1,613,812</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
	<u>1,649,978</u>	<u>(1,649,978)</u>	
<b>TOTAL SUPPORT AND REVENUES</b>	<u>2,257,764</u>	<u>(643,952)</u>	<u>1,613,812</u>
<b>EXPENSES</b>			
Program	1,857,782		1,857,782
General and administrative	314,570		314,570
Fundraising	65,553		65,553
	<u>2,237,905</u>		<u>2,237,905</u>
<b>TOTAL EXPENSES</b>	<u>2,237,905</u>		<u>2,237,905</u>
<b>CHANGE IN NET ASSETS</b>	19,859	(643,952)	(624,093)
<b>BEGINNING NET ASSETS</b>	<u>16,309</u>	<u>868,790</u>	<u>885,099</u>
<b>ENDING NET ASSETS</b>	<u>\$ 36,168</u>	<u>\$ 224,838</u>	<u>\$ 261,006</u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements

CHARITABLE VENTURES OF ORANGE COUNTY  
(a nonprofit corporation)  
STATEMENT OF CASH FLOW  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	December 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 228,013	\$ (624,093)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Increase) decrease in receivables	(111,893)	(7,403)
(Increase) decrease in deposits	(38,500)	164
(Increase) decrease in prepaid	536	
Increase (decrease) in payables	(172)	56,711
Increase (decrease) in accrued expenses	35,964	-
Increase (decrease) in contracts payable	9,632	-
Increase (decrease) in Grant Advance	540,859	341,478
NET CASH PROVIDED BY OPERATING ACTIVITIES	664,439	(233,143)
NET INCREASE (DECREASE) IN CASH	664,439	(233,143)
BEGINNING CASH	723,947	957,090
ENDING CASH	\$ 1,388,386	\$ 723,947

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

INTERST PAID	NONE	NONE
TAXES PAID	NONE	NONE

See Independent Auditors' Report and Accompanying Notes to Financial Statement



CHARITABLE VENTURES OF ORANGE COUNTY  
(a nonprofit corporation)  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Accounting		\$ 6,125		\$ 6,125
Advertising	\$ 2,797		\$ 1,712	4,509
Bank charges		3,341		3,341
Consultants/Construction	600,892	19,102	7,484	627,478
Conferences, convention, and meeting	10,137			10,137
Dues and subscriptions		432		432
Donations, pledges, and scholarships	250			250
Equipment and equipment repair	6,289	282		6,571
Fiscal sponsorship		165,839		165,839
In-kind rents and services	24,780	6,000		30,780
Insurance		10,491		10,491
Employee Benefits	9,281	6,188		15,469
Incentives and Rewards	27,203			27,203
Travel, meals, and entertainment	29,369	886		30,255
Training	9,046			9,046
Supplies		4,378		4,378
Payroll tax	23,008	9,409		32,417
Postage and Shipping		342		342
Program	177,195			177,195
Printing	6,177	2,145	4,960	13,282
Rent/Leases	67,696	290		67,986
Salaries	191,745	92,231		283,976
Tax and Licenses		182		182
Telephone		3,141		3,141
Utilities		241		241
Other	9,568	4,653	80	14,301
Website	12,051			12,051
	<u>\$1,207,484</u>	<u>\$ 335,698</u>	<u>\$ 14,236</u>	<u>\$ 1,557,418</u>

See Independent Auditors' Report and Accompanying Notes to Financial Statement

CHARITABLE VENTURES OF ORANGE COUNTY  
(a nonprofit corporation)  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Accounting		\$ 18,078		\$ 18,078
Advertising	\$ 29,242		\$ 30,414	59,656
Bank charges		5,592		5,592
Consultants/Construction	707,423	9,121	22,720	739,264
Conferences, convention, and meeting	8,547			8,547
Dues and subscriptions		940		940
Donations and Pledges	118,785			118,785
Equipment and equipment repair	2,351			2,351
Fiscal sponsorship		128,372		128,372
In-kind expense	32,400	3,600		36,000
Insurance		6,032		6,032
Employee Benefits		6,768		6,768
Incentives and Rewards	1,353		1,285	2,638
Professional fees	21,407	12,059		33,466
Travel, meals, and entertainment	5,513	400		5,913
Training	1,001			1,001
Supplies	26,632	2,128		28,760
Payroll tax		14,813		14,813
Postage and Shipping		624		624
Program	569,316			569,316
Printing	1,459	1,547	9,575	12,581
Rent/Leases	223,286	25,480		248,766
Salaries	66,768	72,165		138,933
Tax and Licenses		1,327		1,327
Telephone		3,435		3,435
Other	13,867	2,089	1,559	17,515
Website	28,432			28,432
	<u>\$1,857,782</u>	<u>\$ 314,570</u>	<u>\$ 65,553</u>	<u>\$ 2,237,905</u>

See Independent Auditors' Report and Accompanying Notes to Financial Statement

CHARITABLE VENTURES OF ORANGE COUNTY, INC.  
(a nonprofit corporation)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Charitable Ventures of Orange County, Inc. (the "Organization") was incorporated May 2007 as a California nonprofit corporation. The Organization enables nonprofit groups to effectively build capacity by providing a comprehensive array of business services, including fiscal sponsorship, accounting, strategic planning, marketing, and training. The Organization's facilities are located in Orange County, California.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting, with net assets categorized as unrestricted, temporarily restricted, or permanently restricted, a description of which is as follows:

- *Unrestricted net assets* is utilized to record contributions, special events, fees and other forms of unrestricted revenue and expenditures related to the general operations and special events efforts of the organization that are not restricted by the donor through uses or time restrictions.
- *Temporarily restricted net assets* are utilized to record resources received that are temporarily restricted as to use or expiration of time. Contributions whose restrictions are met in the same reporting period are recorded as unrestricted. Funds received from fiscal sponsorship agreements with Organizations are restricted for the purpose indicated in the agreement.
- *Permanently restricted net assets* are utilized to record resources received that are permanently restricted as to use by the donor or grantor. The organization does not currently have any such resources.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosures of contingent obligations at the date of the financial statements and accompanying notes.

Cash and Cash Equivalents

All highly-liquid debt instruments purchased with original maturities of three months or less are considered to be cash equivalents.

CHARITABLE VENTURES OF ORANGE COUNTY, INC.  
(a nonprofit corporation)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

Receivable are recorded when collectability is reasonably assured.

No allowance for uncollectable amounts has been established as management believes the total receivables to be fully collectible.

Grant Advance

The organization received an advance to reimburse program specific expenses. Grant advance liability will be reduced as proper expenses are incurred during operations.

Donated Services and Materials

The contribution of services shall be recognized if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet the criteria shall not be recognized. Donated materials and assets are recorded at fair market value at the date of the gift.

For the years ended December 31, 2014 and 2013, the Organization recognized donated services of \$30,780 and \$36,000, respectively.

Allocation of Functional Expenses

Expenses relating directly to program services, management, and fundraising have been allocated as such. Expenses that relate both to program, management, or fundraising have been allocated among the programs and services benefited.

Tax Status

The Organization is exempt from California franchise tax and Federal income tax under the provisions of Section 23701(d) of the California Revenue Code and Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has classified the Organization as a public charity. Income for certain activities not directly related the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

Income Taxes

The Organization recognizes the financial statement benefit of tax positions, such as filing status of tax exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was \$4,509 and \$59,656 for the years ended December 31, 2014 and 2013, respectively.

CHARITABLE VENTURES OF ORANGE COUNTY, INC.  
(a nonprofit corporation)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

**NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets include the following as of December 31:

	2014	2013
Project restrictions	\$ 422,551	\$ 224,838
Grant restrictions	13,045	
Total temporarily restricted	\$ 435,596	\$ 224,838

Net assets were released from donor restrictions either by incurring expenses, which satisfied the restricted purposes or by the occurrences of other events specified by donors for the year ended December 31, 2014 and 2013 were \$1,374,986 and \$1,649,978, respectively.

**NOTE 3 - CONCENTRATION OF CREDIT RISK**

The Organization operates in Orange County, California and is dependent upon the local economy.

Cash deposits in financial institutions may exceed federally insured limits at times during the year. Charitable Ventures of Orange County maintains cash in several accounts in financial institutions which are presently insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year the FDIC limit has been exceeded. At year ended December 31, 2014 and 2013, \$1,162,961 and \$473,947 respectively, of cash was over the FDIC limits. The Organization has not experience any losses in such accounts and believes it is not exposed to any significant credit risk in these accounts.

Grants received have various objectives and compliance requirements. Management believes that all objectives and requirements have been met.

**NOTE 4 – RELATED PARTY TRANSACTION**

During 2014 and 2013, the Organization received donated services from a Board member with a value of \$30,780 and \$36,000, respectively, which included strategic support, grant writing, program development, strategic planning, project management, marketing, editorial services, and use of office space. All transactions were at or below fair market value.

**NOTE 5 – SUBSEQUENT EVENTS**

Management evaluated subsequent events through the March 21, 2015. Management noted no material events or transactions during that period.