

CHARITABLE VENTURES
OF
ORANGE COUNTY
(a nonprofit corporation)
FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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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, 2015 and 2014, 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

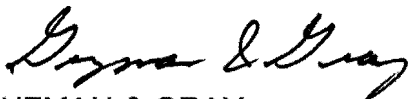
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2015 and 2014, 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
May 5, 2016

CHARITABLE VENTURES OF ORANGE COUNTY
(a nonprofit corporation)
STATEMENTS OF FINANCIAL POSITION
12/31/2015

ASSETS

	December 31,	
	2015	2014
ASSETS		
Cash	\$ 2,223,751	\$ 1,388,386
Contracts and Grants Receivable	102,916	116,852
Pledges Receivable	16,740	-
Deposits	3,141	38,500
Prepaid	-	896
TOTAL ASSETS	2,346,548	1,544,634

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	88,784	72,465
Accrued expenses	76,411	35,964
Loan Payable	40,000	-
Grant advance	1,650,548	947,186
TOTAL LIABILITIES	1,855,743	1,055,615
NET ASSETS		
Unrestricted	159,023	53,423
Temporarily restricted	331,782	435,596
TOTAL NET ASSETS	490,805	489,019
TOTAL LIABILITIES AND NET ASSETS	\$ 2,346,548	\$ 1,544,634

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

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions	\$ 737	\$ 150,813	\$ 151,550
Contracts	-	-	-
Program income	305,088	776,593	1,081,681
Grants	31,415	2,254,870	2,286,285
Membership	-	10,870	10,870
Special events, net of direct donor benefits worth \$8,572	-	39,440	39,440
In-kind contributions	45,765	-	45,765
Other income	11	330	341
	<u>383,016</u>	<u>3,232,916</u>	<u>3,615,932</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>3,336,730</u>	<u>(3,336,730)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUES	<u>3,719,746</u>	<u>(103,814)</u>	<u>3,615,932</u>
EXPENSES			
Program	3,035,033		3,035,033
General and administrative	545,944		545,944
Fundraising	33,169		33,169
	<u>3,614,146</u>		<u>3,614,146</u>
CHANGE IN NET ASSETS	105,600	(103,814)	1,786
BEGINNING NET ASSETS	<u>53,423</u>	<u>435,596</u>	<u>489,019</u>
ENDING NET ASSETS	<u>\$ 159,023</u>	<u>\$ 331,782</u>	<u>\$ 490,805</u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements

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

FOR THE YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES			
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
	199,687	1,585,744	1,785,431
NET ASSETS RELEASED FROM RESTRICTIONS	1,374,986	(1,374,986)	
TOTAL SUPPORT AND REVENUES	1,574,673	210,758	1,785,431
 EXPENSES			
Program	1,207,484		1,207,484
General and administrative	335,698		335,698
Fundraising	14,236		14,236
	1,557,418		1,557,418
TOTAL EXPENSES	1,557,418		1,557,418
 CHANGE IN NET ASSETS	17,255	210,758	228,013
 BEGINNING NET ASSETS	36,168	224,838	261,006
 ENDING NET ASSETS	\$ 53,423	\$ 435,596	\$ 489,019

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, 2015 AND 2014

	December 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,786	\$ 228,013
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Increase) decrease in Contracts & Grants Receivables	13,936	(102,261)
(Increase) decrease in Pledges Receivables	(16,740)	
(Increase) decrease in deposits	35,359	(38,500)
(Increase) decrease in prepaid	896	536
Increase (decrease) in payables	56,319	(172)
Increase (decrease) in accrued expenses	40,447	35,964
Increase (decrease) in Grant Advance	703,362	540,859
NET CASH PROVIDED BY OPERATING ACTIVITIES	835,365	664,439
NET INCREASE (DECREASE) IN CASH	835,365	664,439
BEGINNING CASH	1,388,386	723,947
ENDING CASH	\$ 2,223,751	\$1,388,386

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

INTEREST PAID	NONE	NONE
TAXES PAID	NONE	NONE

CHARITABLE VENTURES OF ORANGE COUNTY
(a nonprofit corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Accounting		\$ 6,957		\$ 6,957
Advertising	\$ 1,048		\$ 300	1,348
Bank charges		3,691		3,691
Consultants/Construction	750,036	35,871	32,287	818,194
Conferences, convention, and meeting	10,783			10,783
Dues and subscriptions		1,267		1,267
Donations, pledges, and scholarships	528,858			528,858
Equipment and equipment repair	11,118	538		11,656
Fiscal sponsorship		295,326		295,326
In-kind rents and services	45,765			45,765
Insurance	5,748	23,800		29,548
Employee Benefits	67,689	10,942		78,631
Incentives and Rewards	39,050			39,050
Travel, meals, and entertainment	21,002	2,051		23,053
Training	15,203			15,203
Supplies		6,018		6,018
Payroll tax	80,554	12,198		92,752
Postage and Shipping		1,239		1,239
Program	217,569			217,569
Printing	9,937	1,697	582	12,216
Rent/Leases	435,228	7,805		443,033
Salaries	746,033	132,895		878,928
Tax and Licenses		380		380
Telephone		751		751
Utilities	6,287	83		6,370
Other	38,918	2,435		41,353
Website	4,207			4,207
	<u>\$3,035,033</u>	<u>\$ 545,944</u>	<u>\$ 33,169</u>	<u>\$ 3,614,146</u>

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 meetings	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>

CHARITABLE VENTURES OF ORANGE COUNTY, INC.
(a nonprofit corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

Receivables 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, 2015 and 2014, the Organization recognized donated services of \$45,765 and \$30,780, 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 \$1,348 and \$4,509 for the years ended December 31, 2015 and 2014, respectively.

CHARITABLE VENTURES OF ORANGE COUNTY, INC.
(a nonprofit corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifying Prior Year Amounts for Comparative Purposes

Certain accounts in the 2014 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2015 financial statements.

NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2015</u>	<u>2014</u>
Project restrictions	\$ 331,782	\$ 422,551
Grant restrictions	<u>-</u>	<u>13,045</u>
Total temporarily restricted	<u>\$ 331,782</u>	<u>\$ 435,596</u>

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, 2015 and 2014 were \$3,336,730 and \$1,374,986, 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, 2015 and 2014, \$1,561,205 and \$1,162,961 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 2015 and 2014, the Organization received donated services from a Board member with a value of \$45,765 and \$30,780, 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.

CHARITABLE VENTURES OF ORANGE COUNTY, INC.
(a nonprofit corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 5 – SUBSEQUENT EVENTS

Management evaluated subsequent events through May 5, 2016. During this period, the organization is audited by the EDD regarding the classification of independent contractors versus employees. The amount owing, if any, is uncertain at this time. The EDD has not issued a final determination at this time.