

THE SACRED PORTION CHILDREN'S OUTREACH, INC.

COMPILED FINANCIAL STATEMENTS

December 31, 2015



AMATICS
CPA GROUP

**THE SACRED PORTION CHILDREN'S OUTREACH, INC.
CONTENTS**

COMPILED FINANCIAL STATEMENTS	<u>Page</u>
Independent accountants' compilation report	3
Statement of financial position	4
Statement of activities	5
Statement of functional expenses	6
Statement of cash flows	7
Notes to financial statements	8 - 11



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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

**To the Board of Directors
The Sacred Portion Children's Outreach, Inc.
Bozeman, MT**

Management is responsible for the accompanying financial statements of The Sacred Portion Children's Outreach, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America . We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Amatics CPA Group

Bozeman, Montana
October 24, 2016



AmaticsCPA.com

THE SACRED PORTION CHILDREN'S OUTREACH, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2015

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 159,441	
Accounts receivable	<u>21,540</u>	
		\$ 180,981

OTHER ASSETS

Adoption assistance loans		<u>413</u>
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Total assets		<u>\$ 181,394</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued payroll and payroll taxes payable		\$ 9,825
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NET ASSETS

Unrestricted	\$ 46,893	
Temporarily restricted	<u>124,676</u>	
		<u>171,569</u>

Total liabilities and net assets		<u>\$ 181,394</u>
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See the accompanying independent accountants' compilation report and the notes to financial statements.

THE SACRED PORTION CHILDREN'S OUTREACH, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
REVENUE AND SUPPORT				
Special events sales	\$ 16,365	\$ 32,294	\$ -	\$ 48,659
In-kind donations	2,089	-	-	2,089
General contributions	29,125	88,861	-	117,986
Grants	-	30,750	-	30,750
Adoption agency fees	89,164	-	-	89,164
Interest income	17	-	-	17
Miscellaneous income	25	500	-	525
Satisfaction of program restrictions	<u>181,597</u>	<u>(181,597)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>318,382</u>	<u>(29,192)</u>	<u>-</u>	<u>289,190</u>
EXPENSES				
Program expenses	233,788	-	-	233,788
General and administrative expenses	105,063	-	-	105,063
Fundraising expenses	<u>5,422</u>	<u>-</u>	<u>-</u>	<u>5,422</u>
Total expenses	<u>344,273</u>	<u>-</u>	<u>-</u>	<u>344,273</u>
CHANGE IN NET ASSETS				
	(25,891)	(29,192)	-	(55,083)
Net assets at beginning of year	<u>72,784</u>	<u>153,868</u>	<u>-</u>	<u>226,652</u>
NET ASSETS AT END OF YEAR	<u>\$ 46,893</u>	<u>\$ 124,676</u>	<u>\$ -</u>	<u>\$ 171,569</u>

See the accompanying independent accountants' compilation report and the notes to financial statements.

THE SACRED PORTION CHILDREN'S OUTREACH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2015

	PROGRAM SERVICES					SUPPORT SERVICES		
	Orphanage Projects	Small Grants	Summer of Hope	Adoption	Total	Fundraising	General and Administrative	Total
Advertising	\$ -	\$ -	\$ 99	\$ 60	\$ 159	\$ -	\$ 524	\$ 683
Bank charges	755	-	40	-	795	-	-	795
Bad debt	-	-	-	-	-	-	4,169	4,169
Contract services	-	1,200	1,740	300	3,240	-	-	3,240
Contribution	600	-	-	-	600	-	-	600
Dues and subscriptions	611	15,377	152	162	16,302	-	2,464	18,766
Finance charges	-	-	-	-	-	-	5	5
Fundraising	-	-	3,735	-	3,735	5,422	-	9,157
Insurance	-	-	123	-	123	-	7,214	7,337
Meetings and workshops	11	-	-	-	11	-	4,536	4,547
Miscellaneous	-	-	427	-	427	-	(328)	99
Postage	29	-	365	278	672	-	1,703	2,375
Printing	-	-	169	-	169	-	2,379	2,548
Professional fees	-	4,500	-	-	4,500	-	1,067	5,567
Rent	-	450	-	-	450	-	5,510	5,960
Salaries, wages and benefits	-	-	-	48,792	48,792	-	69,311	118,103
Foreign grants	79,556	-	-	38,328	117,884	-	-	117,884
Supplies and equipment	1,239	650	-	145	2,034	-	1,341	3,375
Taxes - payroll	-	-	-	3,470	3,470	-	3,782	7,252
Telephone	-	-	-	-	-	-	1,232	1,232
Travel	5,853	-	20,361	4,211	30,425	-	154	30,579
Total expenses	\$ 88,654	\$ 22,177	\$ 27,211	\$ 95,746	\$ 233,788	\$ 5,422	\$ 105,063	\$ 344,273

See the accompanying independent accountants' compilation report and the notes to financial statements.

THE SACRED PORTION CHILDREN'S OUTREACH, INC.
STATEMENT OF CASH FLOWS
Year ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	(55,083)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
(Increase) decrease in current assets:		
Receivables		(5,356)
Increase (decrease) in current liabilities:		
Payroll liabilities		<u>(2,215)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS \$ (62,654)

Cash and cash equivalents at beginning of year 222,095

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 159,441

See the accompanying independent accountants' compilation report and the notes to financial statements.

THE SACRED PORTION CHILDREN'S OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

The Sacred Portion Children's Outreach, Inc., was established in 1981 and originally incorporated under the name of Pooh Corner Daycare School as a 501(ac)(3). In 1995 it changed its name to Sourwood Child and Family Education Center which it operated under until 1998, when it again changed its name to its current name, The Sacred Portion Children's Outreach, Inc.

The Organization's purpose is dedicated to caring for the needy children of the world who are without families. Its mission is to help facilities that care for orphaned and abandoned children in providing healthy secure environments in which these children can grow and develop as normally as possible. It also seeks to unite children and families by providing information and assistance regarding adoption. The Organization's support comes primarily from various organizations, individual grants, individual donors' contributions, and tuition.

Program Services:

Orphanage Projects include the operations and expansion of the Reboot Children's Home, an orphanage in the Philippines, and a child sponsorship program.

Summer of Hope provides children without families who reside in orphanages across the world the opportunity to travel to the United States and spend four weeks experiencing life with a host family. This program also provides prospective families with an opportunity to see and evaluate first-hand what the challenges and rewards of adopting an older child would be.

The Adoption Program provides assistance to persons considering adoption through services such as the completion of a home study, post adoption support, and financial assistance.

Basis of Accounting:

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America, as codified by the Financial Accounting Standards Board. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use income earned on related investments for general or specific purposes.

As of December 31, 2015, The Sacred Portion Children's Outreach, Inc had no permanently restricted net assets.

THE SACRED PORTION CHILDREN'S OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounts receivable:

Accounts receivable consists of the amounts billed for services provided, such as home study services, post-placement services, and Summer of Hope agency fees. The direct write-off method is used when management determines the receivable will not be collected. This approximates management's best estimate of an allowance, which for 2015 is \$0.

Restricted and Unrestricted Revenue and Support:

Contributions and support received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires or is met through expenditure, temporarily restricted net assets are reclassified to unrestricted net assets.

In accordance with FASB *Accounting Standards Codification 958-605, Not-for-Profit Entities, Revenue Recognition*, temporarily restricted contributions and grants received and expensed in the same fiscal year are recorded as unrestricted revenue.

Functional Allocation of Expenses:

Expenses by function have been allocated among program and supporting services classifications on the basis of time records and on estimates made by The Sacred Portion Children's Outreach, Inc.'s management.

Income Taxes:

The Sacred Portion Children's Outreach, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization's tax returns for the years prior to 2012 are generally no longer subject to examination.

THE SACRED PORTION CHILDREN'S OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

2. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, The Sacred Portion Children's Outreach, Inc. considers all unrestricted and temporarily restricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Balances held in financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank, per depositor.

At December 31, 2015, the Organization's cash and cash equivalents balances were as follows:

Checking accounts	\$	158,956	
Petty cash		<u>485</u>	
			<u>\$ 159,441</u>

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of December 31, 2015:

Rehoboth Children's Home	\$	36,614	
Child sponsorship		5,251	
Summer of Hope		36,922	
Adoption assistance		34,549	
Special projects		<u>11,340</u>	
			<u>\$ 124,676</u>

4. DONATED SERVICES AND MATERIALS

The Organization records various types of in-kind support, including services, property and equipment. Contributed professional services are recognized if the services received (a) create or enhance long lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The following in-kind donations were recognized as expenses for the year ended December 31, 2015:

Printing		1,089	
Accounting		<u>1,000</u>	
			<u>\$ 2,089</u>

THE SACRED PORTION CHILDREN'S OUTREACH, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

5. STATEMENT OF CASH FLOWS

Non-cash Transactions:

During the year ended December 31, 2015, the Organization received in-kind donations of 2,089.

6. ADOPTION ASSISTANCE LOANS

Adoption assistance loans are granted to individuals with financial needs to assist them in paying for costs in connection with adopting their children. Currently, there are four individual loans outstanding. These loans are non-interest bearing and range in amounts up to \$10,000. Terms and repayment vary based on each individual's circumstances, but maximum term limit is five years.

7. OPERATING LEASE

The Organization entered an annual lease with for office space. Total lease payments paid during the year ended December 31, 2015 was \$5,960.

8. SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through October 24, 2016 , the date on which the financial statements were available to be issued.