

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

**COMPILED FINANCIAL STATEMENTS**

**December 31, 2016**



**AMATICS**  
CPA GROUP

**THE SACRED PORTION CHILDREN'S OUTREACH, INC.  
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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, 2016, 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  
July 31, 2017



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**THE SACRED PORTION CHILDREN'S OUTREACH, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2016

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 197,192	
Accounts receivable	<u>14,207</u>	
		\$ 211,399

**OTHER ASSETS**

Adoption assistance loans		<u>413</u>
Total assets		<u><u>\$ 211,812</u></u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accrued payroll and payroll taxes payable	\$ 11,803	
Client deposits	<u>8,479</u>	
		\$ 20,282

**NET ASSETS**

Unrestricted	\$ 27,974	
Temporarily restricted	<u>163,556</u>	
		<u>191,530</u>
Total liabilities and net assets		<u><u>\$ 211,812</u></u>

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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
<b>REVENUE AND SUPPORT</b>				
Special events revenue	\$ 37,839	\$ 26,447	\$ -	\$ 64,286
In-kind donations	3,415	-	-	3,415
General contributions	36,543	112,058	-	148,601
Grants	-	12,000	-	12,000
Adoption agency fees	77,957	-	-	77,957
Interest income	15	-	-	15
Miscellaneous income	6,876	-	-	6,876
Satisfaction of program restrictions	<u>111,625</u>	<u>(111,625)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>274,270</u>	<u>38,880</u>	<u>-</u>	<u>313,150</u>
<b>EXPENSES</b>				
Program expenses	171,693	-	-	171,693
General and administrative expenses	107,351	-	-	107,351
Fundraising expenses	<u>14,145</u>	<u>-</u>	<u>-</u>	<u>14,145</u>
Total expenses	<u>293,189</u>	<u>-</u>	<u>-</u>	<u>293,189</u>
<b>CHANGE IN NET ASSETS</b>	(18,919)	38,880	-	19,961
Net assets at beginning of year	<u>46,893</u>	<u>124,676</u>	<u>-</u>	<u>171,569</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 27,974</u>	<u>\$ 163,556</u>	<u>\$ -</u>	<u>\$ 191,530</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, 2016

	PROGRAM SERVICES					SUPPORT SERVICES		
	Orphanage Projects	General Program	Summer of Hope	Adoption	Total	Fundraising	General and Administrative	Total
Advertising	\$ -	\$ 4,174	\$ 262	\$ 277	\$ 4,713	\$ -	\$ 13	\$ 4,726
Bank charges	969	98	64	122	1,253	-	-	1,253
Bad debt	-	-	-	350	350	-	-	350
Contract services	-	-	-	900	900	-	79	979
Dues and subscriptions	611	2,404	30	47	3,092	-	2,331	5,423
Fundraising	-	-	-	-	-	14,145	-	14,145
Insurance	-	-	-	-	-	-	7,184	7,184
Miscellaneous	13	-	150	3,508	3,671	-	614	4,285
Postage	10	-	-	173	183	-	1,688	1,871
Printing	-	-	-	-	-	-	4,700	4,700
Professional fees	-	-	-	10	10	-	1,900	1,910
Staff and client support	-	1,673	150	-	1,823	-	2,222	4,045
Rent	-	-	-	-	-	-	6,000	6,000
Salaries, wages and benefits	-	-	-	50,924	50,924	-	73,687	124,611
Foreign grants	68,790	-	-	23,506	92,296	-	-	92,296
Sponsorships	-	2,353	639	-	2,992	-	-	2,992
Supplies and equipment	26	115	-	97	238	-	1,869	2,107
Taxes - payroll	-	-	-	3,794	3,794	-	3,551	7,345
Telephone	-	-	-	-	-	-	1,282	1,282
Travel	1,241	-	80	4,133	5,454	-	231	5,685
<b>Total expenses</b>	<b>\$ 71,660</b>	<b>\$ 10,817</b>	<b>\$ 1,375</b>	<b>\$ 87,841</b>	<b>\$ 171,693</b>	<b>\$ 14,145</b>	<b>\$ 107,351</b>	<b>\$ 293,189</b>

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, 2016

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$	19,961
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in current assets:		
Receivables		7,333
Increase (decrease) in current liabilities:		
Payroll liabilities		1,978
Client deposits		<u>8,479</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS** \$ 37,751

Cash and cash equivalents at beginning of year 159,441

**CASH AND CASH EQUIVALENTS AT END OF YEAR** \$ 197,192

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, 2016**

**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(c)(3). In 1995 it changed its name to Southwood 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 Rehoboth 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, 2016, 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, 2016**

**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 2016 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 2013 are generally no longer subject to examination.

**THE SACRED PORTION CHILDREN'S OUTREACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**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, 2016, the Organization's cash and cash equivalents balances were as follows:

Checking accounts	\$	152,805	
Savings accounts		112	
Money market account		30,137	
Petty cash and undeposited funds		<u>14,138</u>	
			<u>\$ 197,192</u>

**3. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes as of December 31, 2016:

Rehoboth Children's Home	\$	51,504	
Child sponsorship		10,191	
Summer of Hope		35,979	
Adoption assistance		41,002	
Special projects		<u>24,880</u>	
			<u>\$ 163,556</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, 2016:

Advertising and marketing	\$	2,515	
Accounting		<u>900</u>	
			<u>\$ 3,415</u>

**THE SACRED PORTION CHILDREN'S OUTREACH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**5. STATEMENT OF CASH FLOWS**

**Non-cash Transactions:**

During the year ended December 31, 2016, the Organization received in-kind donations of \$3,415.

**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 is one individual loan outstanding. These loans are non-interest bearing. Terms and repayment vary based on each individual's circumstances, but maximum term limit is five years.

**7. OPERATING LEASE**

The Organization entered into an annual lease for office space. Total lease payments paid during the year ended December 31, 2016 was \$6,000.

**8. SUBSEQUENT EVENTS**

Date of Management Evaluation

Management has evaluated subsequent events through July 31, 2017, the date on which the financial statements were available to be issued.