

MAYA'S HOPE FOUNDATION, INC.

FINANCIAL STATEMENTS

December 31, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Maya's Hope Foundation, Inc.
New York, New York

We have audited the accompanying financial statements of Maya's Hope Foundation, Inc., which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from 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 auditor's 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 Maya's Hope Foundation, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, Maya's Hope Foundation, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Wegner CPAs LLP

Wegner CPAs, LLP
New York, New York
July 19, 2019

MAYA'S HOPE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

	2018	2017
ASSETS		
Cash	\$ 93,723	\$ 131,773
Unconditional promises to give	5,700	3,533
Investments	1,574	1,668
Security deposit	2,000	2,000
Furniture and equipment - net	586	1,011
Total assets	<u>\$ 103,583</u>	<u>\$ 139,985</u>
LIABILITIES		
Accounts payable	\$ 8,310	\$ 2,542
Accrued expenses	-	3,183
Total liabilities	8,310	5,725
NET ASSETS		
Without donor restrictions	95,273	134,260
Total liabilities and net assets	<u>\$ 103,583</u>	<u>\$ 139,985</u>

See accompanying notes.

MAYA'S HOPE FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2018 and 2017

	2018	2017
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE		
Contributions	\$ 172,416	\$ 160,441
Special events	160,040	160,435
Less: costs of direct benefits to donors	(51,026)	(49,500)
Donated goods	2,795	7,633
Other	2,412	-
Investment gain (loss), net	(90)	219
Net assets released from restrictions		
Satisfaction of purpose restrictions	5,000	-
Total revenues without donor restrictions	291,547	279,228
EXPENSES		
Program services	245,556	205,056
Management and general	52,253	55,038
Fundraising	32,725	23,776
Total expenses	330,534	283,870
Change in net assets without donor restrictions	(38,987)	(4,642)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	5,000	-
Net assets released from restrictions		
Satisfaction of purpose restrictions	(5,000)	-
Change in net assets with donor restrictions	-	-
Change in net assets	(38,987)	(4,642)
Net assets at beginning of year	134,260	138,902
Net assets at end of year	\$ 95,273	\$ 134,260

See accompanying notes.

MAYA'S HOPE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	Program Services	Management and General	Fundraising	Costs of Direct Benefits to Donors	Total
Grant expense	\$ 196,073	\$ -	\$ -	\$ -	\$ 196,073
Conferences, conventions, and meetings	-	20	17,032	51,026	68,078
Personnel	30,960	12,384	6,192	-	49,536
Professional fees	-	22,772	-	-	22,772
Occupancy	7,950	6,360	1,590	-	15,900
Bank, credit card, and other fees	3,480	2,506	4,906	-	10,892
Postage	2,215	1,094	-	-	3,309
Donated goods	-	-	2,795	-	2,795
Office expense	-	2,468	99	-	2,567
Insurance	80	2,374	16	-	2,470
Advertising	2,332	-	-	-	2,332
Program supplies	2,253	-	-	-	2,253
Travel and entertainment	-	1,997	53	-	2,050
Depreciation	213	170	42	-	425
Miscellaneous	-	108	-	-	108
Total expenses	245,556	52,253	32,725	51,026	381,560
Less: Special event expenses deducted directly from support and revenue on the statement of activities	-	-	-	51,026	51,026
Total expenses included in the statement of activities	\$ 245,556	\$ 52,253	\$ 32,725	\$ -	\$ 330,534

See accompanying notes.

MAYA'S HOPE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2017

	Program Services	Management and General	Fundraising	Costs of Direct Benefits to Donors	Total
Grant expense	\$ 151,976	\$ -	\$ -	\$ -	\$ 151,976
Conferences, conventions, and meetings	-	-	10,788	49,500	60,288
Personnel	34,443	14,871	7,434	-	56,748
Professional fees	-	18,024	-	-	18,024
Occupancy	7,630	6,104	1,526	-	15,260
Bank, credit card, and other fees	2,717	3,224	2,934	-	8,875
Postage	406	2,318	25	-	2,749
Donated goods	3,817	3,053	763	-	7,633
Office expense	948	433	203	-	1,584
Insurance	140	769	27	-	936
Advertising	-	2,204	-	-	2,204
Program supplies	1,383	-	-	-	1,383
Travel and entertainment	1,357	3,249	28	-	4,634
Depreciation	239	191	48	-	478
Miscellaneous	-	598	-	-	598
Total expenses	205,056	55,038	23,776	49,500	333,370
Less: Special event expenses deducted directly from support and revenue on the statement of activities	-	-	-	49,500	49,500
Total expenses included in the statement of activities	\$ 205,056	\$ 55,038	\$ 23,776	\$ -	\$ 283,870

See accompanying notes.

MAYA'S HOPE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (38,987)	\$ (4,642)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	425	478
Unrealized loss	207	-
(Increase) decrease in assets		
Unconditional promises to give	(2,167)	11,302
Increase (decrease) in liabilities		
Accounts payable	5,768	(2,692)
Accrued expenses	(3,183)	1,298
	<u>(37,937)</u>	<u>5,744</u>
Net cash flows from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends retained in investments	<u>(113)</u>	<u>(152)</u>
Net change in cash	(38,050)	5,592
Cash at beginning of year	<u>131,773</u>	<u>126,181</u>
Cash at end of year	<u>\$ 93,723</u>	<u>\$ 131,773</u>

See accompanying notes.

MAYA'S HOPE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

Maya's Hope Foundation, Inc. (Foundation) is a not-for-profit corporation incorporated in the State of New York. The Foundation was established in 2010 and works to improve the quality of life of orphaned, impoverished, and special-needs children on a global scale.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions or which they depend are substantially met and the promises become unconditional.

Investments

The Foundation reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Investment securities are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Furniture and Equipment

Furniture and equipment is carried at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The cost of repairs and maintenance are charged against operations as incurred.

Contributions

Contributions received are recorded as increases in net assets with donor restrictions and without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Advertising

Advertising costs are charged to operations when the expenses are incurred.

MAYA'S HOPE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, which is allocated on the basis of estimates of time and effort, and occupancy and depreciation, which are allocated on the basis of estimates of square footage of the Foundation's leased space. All other expenses are directly allocated to the program or supporting activity.

Adoption of New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This 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 provided about expenses and investment return. The Organization has adjusted the presentation of these financial statements accordingly. The update has been applied retrospectively to all periods presented.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income Tax Status

Maya's Hope Foundation, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

Date of Management's Review

Management has evaluated subsequent events through July 19, 2019, the date which the financial statements were available to be issued.

NOTE 2 – UNCONDITIONAL PROMISES TO GIVE

All unconditional promises to give at December 31, 2018 and 2017 were receivable in less than one year. Management has determined that no allowance for uncollectible promises to give was necessary at December 31, 2018 and 2017.

MAYA'S HOPE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 3 – INVESTMENTS

Investments at fair value at December 31, 2018 and 2017 consisted of mutual funds.

NOTE 4 – FAIR VALUE MEASUREMENT

Fair values of assets measured on a recurring basis at December 31, 2018 and 2017 are as follows:

Assets at Fair Value as of December 31, 2018				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 1,574	\$ 1,574	\$ -	\$ -
Fair value measurements	\$ 1,574	\$ 1,574	\$ -	\$ -

Assets at Fair Value as of December 31, 2017				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 1,668	\$ 1,668	\$ -	\$ -
Fair value measurements	\$ 1,668	\$ 1,668	\$ -	\$ -

NOTE 5 – FURNITURE AND EQUIPMENT

Furniture and equipment at December 31, 2018 and 2017 consisted of the following:

	2018	2017
Furniture and equipment	\$ 3,096	\$ 3,575
Less: accumulated depreciation	2,510	2,564
Furniture and equipment - net	\$ 586	\$ 1,011

MAYA'S HOPE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 6 – OPERATING LEASE

The Foundation leases office space under an operating lease requiring monthly payments of \$1,260 subject to annual rate increases. The lease expires in April 2020. Future minimum lease payments for 2019 and 2020 are \$16,396 and \$5,508. Total rent expense for 2018 and 2017 was \$15,900 and \$15,260.

NOTE 7 – CONCENTRATION OF FUNDING

In 2018 and 2017, approximately 35% and 40% of the Foundation's support and revenue was derived from one special event.

NOTE 8 – COMMITMENTS

The Foundation has entered into an agreement to reserve space for a future fundraising event. If cancellation occurs the Foundation could be liable for a maximum of \$35,750.

NOTE 9 – LIQUIDITY AND AVAILABILITY

At December 31, 2018, the Foundation has \$100,997 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$93,723, unconditional promises to give of \$5,700, and investments of \$1,574. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

As a part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.