

Ruben Castro Charities
Annual Report of Financial Operations
2015-2016 Fiscal Year



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Letter to the Board of Directors

To the Board of Directors of Ruben Castro Charities:

It is our pleasure to present the Annual Financial Report for Ruben Castro Charities for the fiscal year ended June 30, 2016. This report has been prepared in accordance with Accounting Standards Codification Topic 958, "Not-for-Profit Entities" (ASC 958).

In accordance with the requirements of ASC 958, this report includes a Statement of Financial Position, a Statement of Activities, and a Statement of Cash Flows. This report also includes a comparison of the current fiscal year ending balances with the ending balances of the prior year, along with a statement reporting the year-over-year changes. It should be noted that the previous fiscal year (2014-2015) represented the first year of operations. Detailed explanations as to the financial statements included in this report can be found in the Financial Analysis section immediately preceding the financial reports themselves.

Responsibility for both the accuracy of this data, as well as the completeness and fairness of its presentation, rests with the Chief Financial Officer of the entity, with oversight by the Executive Team and the Board of Directors. To the best of our knowledge, the enclosed data fairly presents in all material respects, the account groups, financial position, and operating activities of Ruben Castro Charities for all reporting periods included. We believe the disclosures made are sufficient to enable the reader to understand these activities and their financial impact.

Profile of Ruben Castro Charities

Ruben Castro Charities is a non-profit public benefit Corporation, operating for public and charitable purposes and exempt from income taxes under IRS code section 501(c)(3) and under California Nonprofit Corporation Law. The purpose of the corporation is the provision of human services (food & clothing distribution, scholarships, and financial assistance) to low-income, homeless, or distressed individuals. A full description of the specific purposes, including any and all limitations and prohibited activities, can be found in the corporate bylaws.

History

Ruben Castro Charities was formed on October 2, 2014 by multiple descendants of Ruben Castro, in honor of his history of compassion and service to his community, and to carry on his legacy of that service. Ruben Castro was born in LaVerne, California on August 19, 1929 and moved to Moorpark, California with his family shortly after his birth. He served in the U.S. Air Force from 1949 to 1953 and was a veteran of the Korean War. He was the first Latino to join the local Rotary Club (eventually becoming the Treasurer) and to serve on the Moorpark Unified School District Board, where he served as president. He successfully mediated a labor dispute between the workers at "Egg City" (one of the largest egg producers in the country) and the owners of the farm where they worked. In 1966 he was appointed by Governor Pat Brown to serve on the 31st District Agricultural Association. This appointment was extended in 1970 by Governor Ronald Reagan.

Ruben Castro served the community of Moorpark for over 20 years as part of the Catholic Charities organization, and was among those honored by Pope John Paul II for their service and dedication to the church. In 2007 the city of Moorpark named a 25,000-square foot multi-service community center in his honor (the Ruben Castro Human Services Center).

Budgetary & Internal Controls

The Board of Directors and the Executive Team are responsible for developing, establishing, and applying an internal control structure to ensure that the assets of the organization are protected from loss, theft, misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles, or GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of the costs and benefits requires estimates and judgments by management.

Cash Management

The organization Treasurer is responsible for investing cash temporarily idle during the year in accordance with any investment policies adopted by the Board of Directors. During the fiscal year ended June 2016, idle cash balances of the organization were at such levels that any gain obtained from appropriate investments would be negligible. This is based on the fiscal year ending cash balances, the relative newness of the entity and the need to keep cash on hand for expenses related to program development & expansion.

Capital Assets

As of the fiscal year ending June 2016, the organization had no capital assets. As such, no report of capital asset costs or net values have been included in these reports.

Long-Term Liabilities

As of the fiscal year ending June 2016, the organization had no long-term liabilities or notes payable.

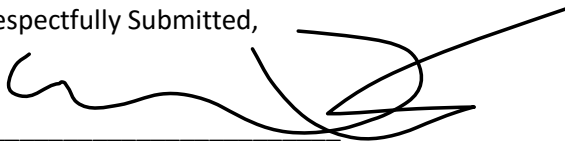
Risk Management

The organization was insured by State Farm Insurance during the majority of the reporting fiscal year and Philadelphia Insurance Companies during the latter portion. These organizations extend risk coverage to the organization in the form of commercial general liability insurance.

Acknowledgement

We would like to thank the Board of Directors, Officers, Managers, Coordinators, and all volunteers for their dedication during the second year of Ruben Castro Charities, and for their assistance and contributions in providing all requested information for the preparation of this report.

Respectfully Submitted,



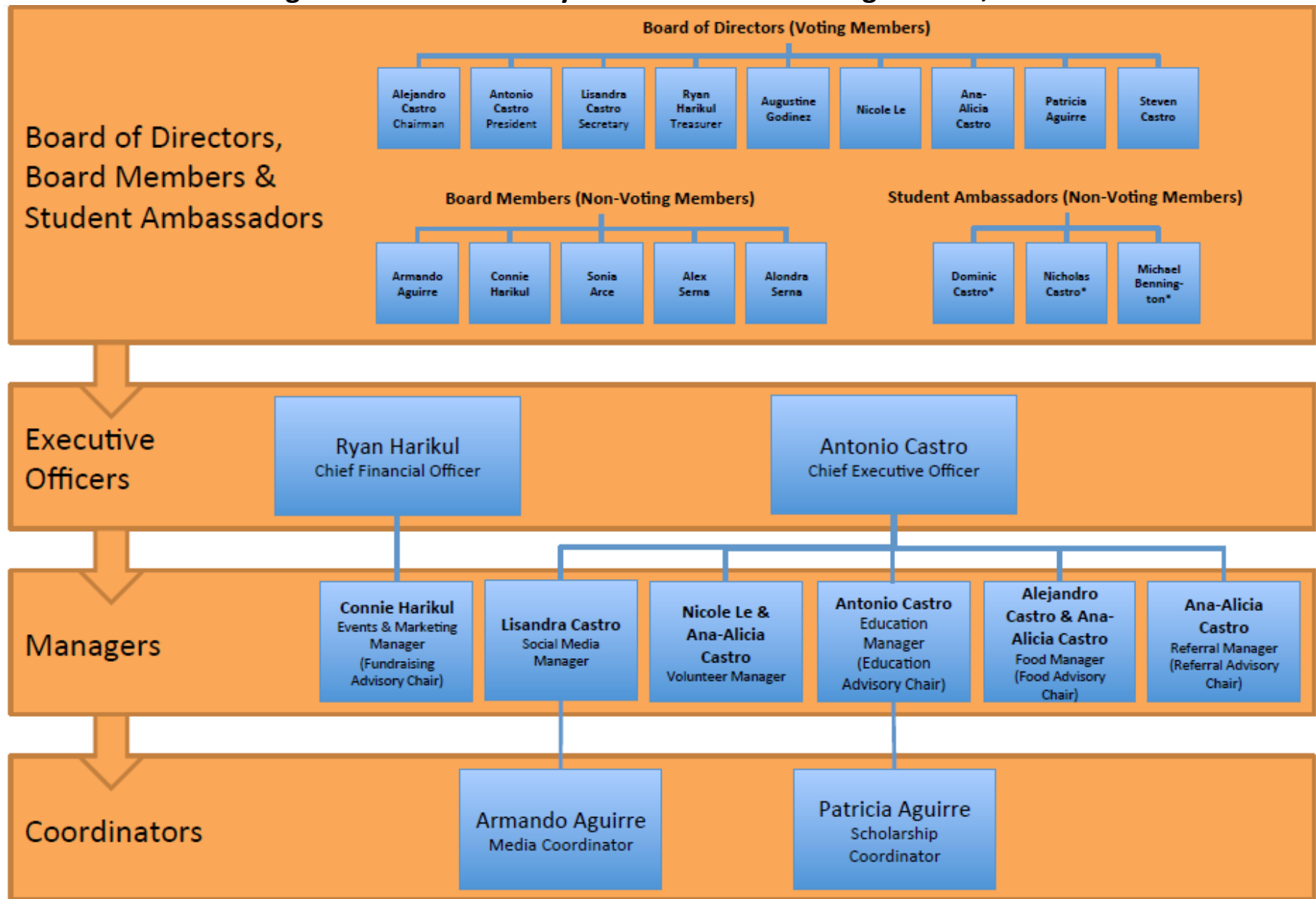
Antonio Castro
Chief Executive Officer



Ryan Harikul
Chief Financial Officer

Ruben Castro Charities

Organizational Hierarchy as of Fiscal Year Ending June 30, 2016



Financial Section

Financial Analysis

We offer readers of the organization's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2016. We encourage the reader to consider the information presented below in conjunction with the accompanying financial statements.

- ❖ The fiscal year accounted for in these financial statements represents the first full year of activity, as the organization began operations on October 2, 2014. Year over year financial comparisons should also keep in mind that the previous fiscal year included start-up costs of the organization which would not represent recurring operating expenses. Total one-time setup costs were approximately \$1,380. Funding received for the prior fiscal period also include one-time sponsorships from other organizations & individuals to offset these initial costs, totaling approximately \$1,200.
- ❖ The organization implemented a new program of food distribution/low income financial relief during the 2015-2016 fiscal year. These programs involve the distribution of food and payment of basic utility costs for community members in financial distress, and made up 90% of total program expenses during the year.
- ❖ One scholarship was awarded during the fiscal year, for a total of \$500.
- ❖ The annual fundraising event, which is expected to provide the majority of funding to the organization, was originally budgeted to take place in May, 2016. Due to scheduling conflicts it had to be postponed to July, 2016. As a result, the 2015-2016 Fiscal Year does not include a fundraising event, but donations of theme park tickets to be used as prizes during the fundraiser were collected during the reporting year. In accordance with ASC 958-605-25-20, these items were recognized as contributions in the current reporting year at their expected market value with an adjustment to be made after the fundraiser takes place.
- ❖ The organization finished the 2015-2016 fiscal year with positive net assets of \$3,369. Total funds available at fiscal year end were \$4,160. The \$791 difference in net assets vs. available funds is due to the scholarship awarded during the fiscal year (not to be paid out until the awardee provides proof of enrollment in a qualifying education program) and accounts payable to vendors. Due to the very high likelihood that the award recipient will meet the obligation to enroll before the end of the 2016 calendar year, the organization is recognizing this as an unconditional promise to give under ASC 958-720-25-2.
- ❖ As of the fiscal year ended June 30, 2016, the organization made no investments in any short- or long-term assets requiring amortization. As such, no financial statements are provided herein for depreciation or amortization expenses, or capital expenditures.

Overview of Basic Financial Statements

The discussion and analysis contained herein is intended to serve as an introduction to the organization's basic financial statements. These financial statements are comprised of the following components:

- 1) Statement of Financial Position
- 2) Statement of Activities
- 3) Statement of Functional Expenses
- 4) Statement of Funding
- 5) Statement of Cash Flows

The Statement of Financial Position presents information on all of the organization's assets and liabilities, with the difference between the two reported as net assets. This provides information on the organization's liquidity, financial flexibility, and the interrelationship of the organization's assets and liabilities. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the organization is improving or deteriorating. A year-over-year comparison is provided herein.

The Statement of Activities presents information on changes in the organization's net assets during the fiscal year. In accordance with accrual basis accounting methods, all changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. As such, revenues and expenditures are reported in this statement for some items that will result in cash flows in future fiscal periods.

The Statement of Functional Expenses provides a breakdown of expenses by program classification. This report provides a means of comparing total expenditures of the organization by their purpose. A visual representation of the expenses of the organization is also provided for ease of interpretation.

The Statement of Funding focuses on various sources of funding income. This is useful for comparing the organization's various sources of support, and determining areas of success as well as those where opportunities may exist. This section would also include a breakdown of any funding restrictions currently in place, with specific terms of these restrictions available in the notes section.

The Statement of Cash Flows reports the cash generated and used during the reporting year. This provides a useful glimpse at the ability of the organization to continue funding its various programs on an annual and ongoing basis.

Ruben Castro Charities
Statement of Financial Position
As of June 30, 2016

ASSETS	
Current Assets	
Checking/Savings	
Petty Cash	20.00
Checking at Union Bank - Web	3,094.10
Cash - Paypal	240.20
Undeposited Funds	375.49
Total Checking/Savings	3,729.79
Other Current Assets	
Fundraising Inventory	430.00
Total Other Current Assets	430.00
Total Current Assets	4,159.79
TOTAL ASSETS	4,159.79
LIABILITIES & NET ASSETS	
Liabilities	
Current Liabilities	
Accounts Payable	291.24
ST Liabilities (scholarship)	500.00
Total Current Liabilities	791.24
Total Liabilities	791.24
Equity	
Unrestricted Net Assets	2,945.36
Change in Net Assets	423.19
Total Equity	3,368.55
TOTAL LIABILITIES & NET ASSETS	4,159.79

Ruben Castro Charities
Year-Over-Year Comparison of Financial Position
As of June 30, 2016

	Jun 30, 16	Jun 30, 15	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings	3,729.79	3,445.36	284.43	8.26%
Other Current Assets	430.00	-	430.00	100.00%
Total Current Assets	4,159.79	3,445.36	714.43	20.74%
TOTAL ASSETS	4,159.79	3,445.36	714.43	20.74%
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities	791.24	500.00	291.24	58.25%
Total Liabilities	791.24	500.00	291.24	58.25%
Equity				
Unrestricted Net Assets	2,945.36	-	2,945.36	100.00%
Net Income	423.19	2,945.36	(2,522.17)	-85.63%
Total Equity	3,368.55	2,945.36	423.19	14.37%
TOTAL LIABILITIES & EQUITY	4,159.79	3,445.36	714.43	20.74%

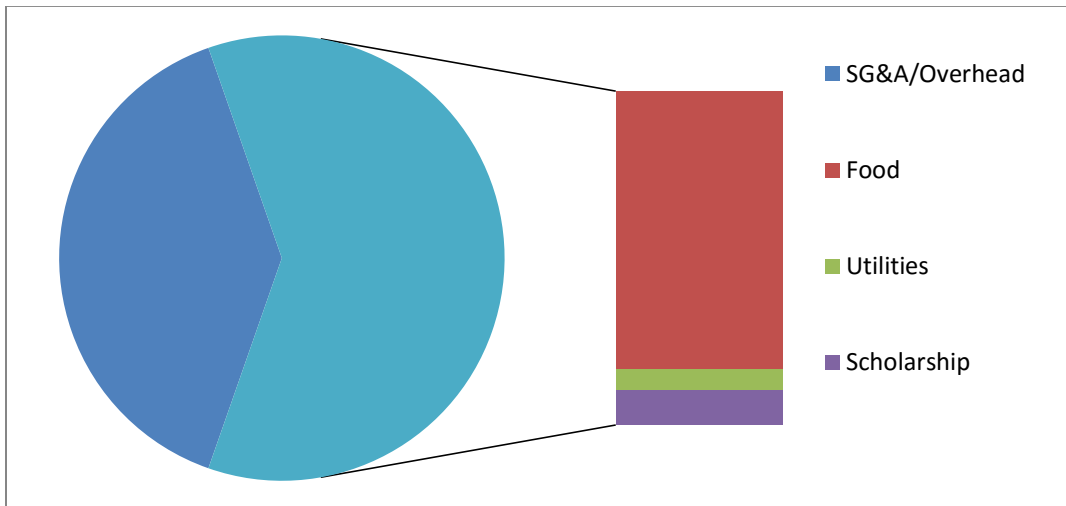
Ruben Castro Charities Statement of Activities

July 2015 through June 2016

	Jul '15 - Jun 16
Ordinary Income/Expense	
Income	
Direct Public Support	
Business Contributions	814.49
Business Gifts In Kind	730.00
Event Registration Donations	100.00
Individual Contributions	5,143.00
Individual Gifts In Kind	1,672.80
Total Direct Public Support	8,460.29
Total Operating Revenues & Support	8,460.29
Expense	
<u>Management & General Expenses</u>	
Advertising/Public Relations	619.60
Bank/Merchant Fees	60.60
Dues & subscriptions	420.00
Insurance - Liability, D and O	1,043.42
Office/Admin expenses	866.96
Operations	416.28
Total Management & General Expenses	3,426.86
<u>Program Expenses</u>	
Goods Distribution	3,784.73
Public Assistance	325.51
Scholarships	500.00
Total Program Expenses	4,610.24
Total Expense	8,037.10
Net Ordinary Income	423.19
Change in Net Assets	423.19

Ruben Castro Charities
Statement of Functional Expenses
July 2015 through June 2016

	Program Expenses			Management & General	TOTAL
	Food	Utilities	Scholarship Fund	SG&A	
Advertising/Public Relations	0.00	0.00	0.00	619.60	619.60
Bank/Merchant Fees	0.00	0.00	0.00	60.60	60.60
Dues & subscriptions	0.00	0.00	0.00	420.00	420.00
Insurance - Liability, D and O	0.00	0.00	0.00	1,043.42	1,043.42
Office/Admin expenses	0.00	0.00	0.00	866.96	866.96
Operations	1,522.77	0.00	0.00	147.67	1,670.44
Program Expenses	2,530.57	325.51	500.00	0.00	3,356.08
TOTAL	4,053.34	325.51	500.00	3,158.25	8,037.10



**Ruben Castro Charities
Statement of Funding
July 2015 through June 2016**

	Permanently Restricted					Unrestricted	TOTAL
	Food	Fundraising	SG&A	Utilities	Total		
Income							
Direct Public Support							
Business Contributions	0.00	0.00	0.00	0.00	0.00	814.49	814.49
Business Gifts-In-Kind	0.00	430.00	0.00	0.00	0.00	300.00	730.00
Event Registration	0.00	0.00	0.00	0.00	0.00	100.00	100.00
Individual Contributions	1,778.00	0.00	770.49	325.51	2,874.00	2,269.00	5,143.00
Individual Gifts-In-Kind	1,222.77	0.00	0.00	0.00	1,222.77	450.03	1,672.80
Total Direct Public Support	<u>3,000.77</u>	<u>430.00</u>	<u>770.49</u>	<u>325.51</u>	<u>4,526.77</u>	<u>3,933.52</u>	<u>8,460.29</u>
Net Income	<u>3,000.77</u>	<u>430.00</u>	<u>770.49</u>	<u>325.51</u>	<u>4,526.77</u>	<u>3,933.52</u>	<u>8,460.29</u>

**Ruben Castro Charities
Statement of Cash Flows
July 2015 through June 2016**

OPERATING ACTIVITIES	
Change in Net Assets	423.19
Adjustments to reconcile Net Income to net cash provided by operations:	
Inventory Asset: Fundraising Inventory	(430.00)
Accounts Payable	291.24
Net cash provided by Operating Activities	<u>284.43</u>
Net cash increase for period	284.43
Cash at beginning of period	<u>3,445.36</u>
Cash at end of period	<u><u>3,729.79</u></u>

Economic Factors

The 2015-2016 fiscal year was significantly impacted by the implementation of the food distribution & low income financial relief programs. The addition of these programs effectively quintupled the total program expenses of the organization over the previous fiscal year. Management supports this change as it aligns with the purpose of the organization. The 2015-2016 fiscal year was also impacted by the delay of the annual fundraising event into the following fiscal year, however there was no impact to continuing operations.

We predict the 2016-2017 fiscal year performance of the charity to follow the 2015-2016 trend. Additional program expenses are expected to be incurred due to expansion in the food distribution service area and the addition of educational programs. Additional public relations and promotional expenses will be incurred to communicate the services that the charity offers and procure further public support & funding. As of this writing, the timing of the 2017 fundraising event has not been discussed.

Notes

Significant Accounting Policies

The accounting policies of Ruben Castro Charities conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for not-for-profit accounting and financial reporting principles.

The organization subscribes to a capitalization threshold of \$1,000 for any single asset or \$5,000 for any single project. Any asset acquisition costs below these thresholds are deemed to have an immaterial impact on the financial statements. No capital assets were purchased during the 2015-2016 fiscal year.