

Ruben Castro Charities
Annual Report of Financial Operations
2017-2018 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, 2018. 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. 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. 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. Additional information about the history of the organization, as well as recent and upcoming activities, can be found online at www.rubencastrocharities.org.

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 the handling and recording of all financial transactions, as well as reporting to the Board of Directors any material changes to the organization's cash position. Throughout the 2017-2018 fiscal year, all cash balances were kept in a liquid state due to the need to

keep cash on hand for expenses related to program development & expansion and recurring operating costs.

Capital Assets

As of the fiscal year ending June 2018, the organization had no capital assets.

Long-Term Liabilities

As of the fiscal year ending June 2018, the organization had no long-term liabilities or notes payable.

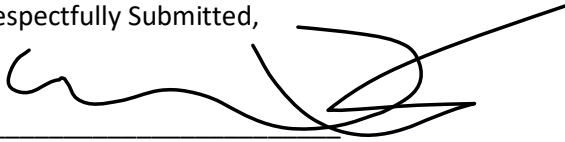
Risk Management

The organization was insured by Philadelphia Insurance Companies throughout the fiscal year. This organization extends risk coverage to the organization in the form of commercial general liability insurance, as well as providing additional coverage on an incidental basis for various events as necessary and prudent.

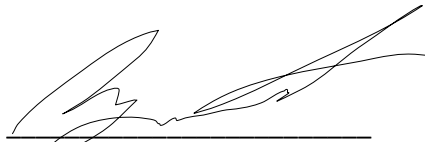
Acknowledgement

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,



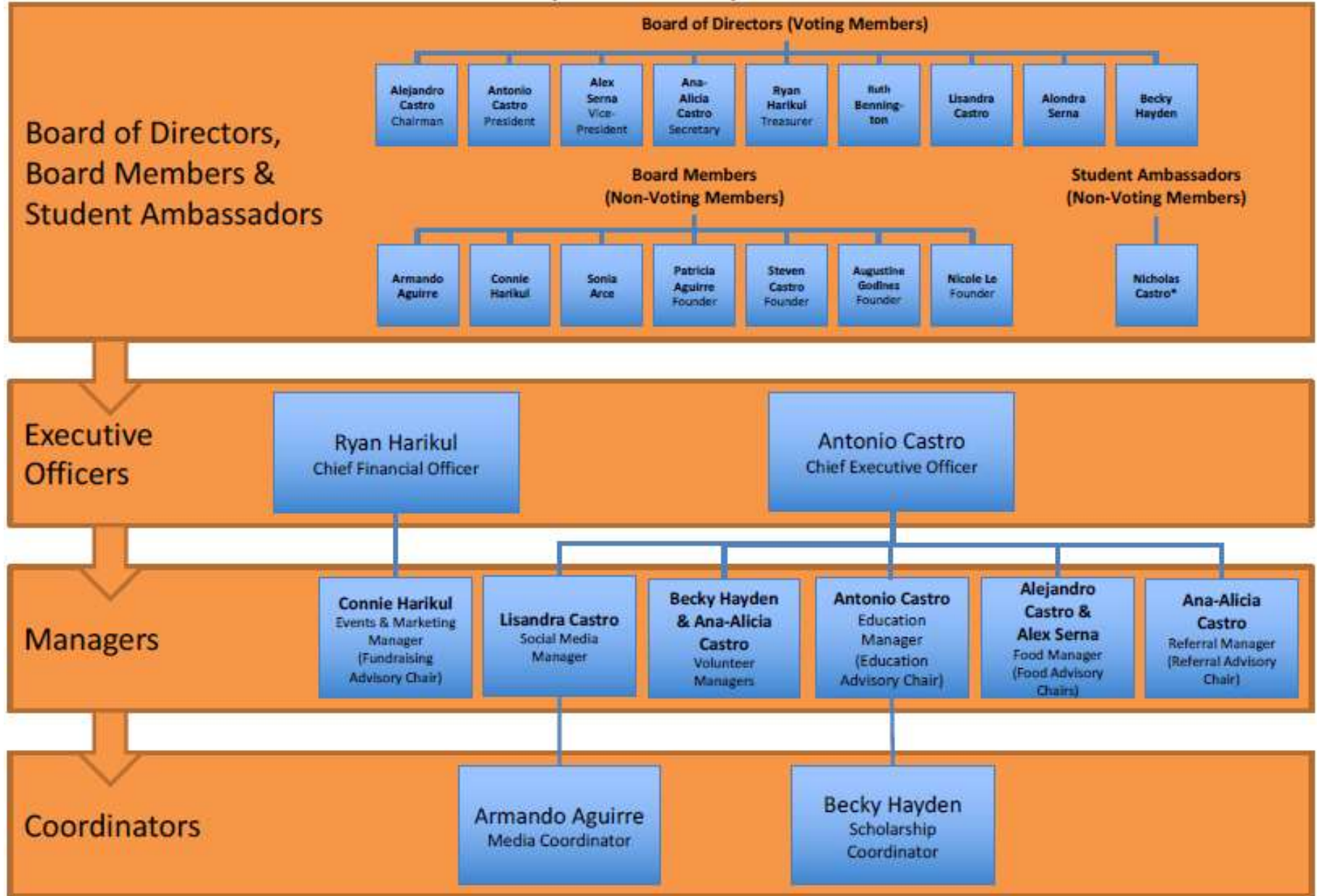
Antonio Castro
Chief Executive Officer



Ryan Harikul
Chief Financial Officer

Ruben Castro Charities

Organizational Hierarchy Through December 31, 2018



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, 2018. 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 fiscal year beginning July 1, 2017 and ending June 30, 2018.
- ❖ The organization maintained and improved its program of food distribution during the 2017-2018 fiscal year. As of this report, food distribution takes place every Saturday morning in a designated public area, and every Tuesday at the local community college. This program involves the distribution of food to community members in financial distress, and made up 78% of total program expenses during the year.
- ❖ The organization increased the annual scholarship amount to \$1,000 for the fiscal year ending in Jun, 2018. One scholarship was awarded during the fiscal year.
- ❖ The annual fundraising event, which typically provides the majority of funding to the organization, took place in July, 2017. Additionally, another 5k fundraising event was scheduled to take place in the latter half of the 2017-2018 fiscal year, but had to be postponed due to unforeseen scheduling conflicts with the venue. A majority of institutional sponsors for this event converted their sponsorships into donations.
- ❖ The organization finished the 2017-2018 fiscal year with positive net assets of \$10,990. Total funds on hand at fiscal year end were \$12,130. The 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 receivable from vendors. Due to the very high likelihood that the award recipient will meet the obligation to enroll before the end of the 2018 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, 2018, 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, 2018

ASSETS	
Current Assets	
Checking/Savings	
Cash - Paypal	2,271.18
Checking at Union Bank - Web	7,897.59
Petty Cash	1,607.00
Total Checking/Savings	11,775.77
Total Accounts Receivable	4.64
Other current assets	350.00
Total Other Current Assets	350.00
Total Current Assets	12,130.41
TOTAL ASSETS	12,130.41
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	140.00
Other Current Liabilities	1,000.00
Total Current Liabilities	1,140.00
Total Liabilities	1,140.00
Equity	
Net Assets	5,993.56
Net Income	4,996.85
Total Equity	10,990.41
TOTAL LIABILITIES & EQUITY	12,130.41

Ruben Castro Charities
Year-Over-Year Comparison of Financial Position
As of June 30, 2018

	Jun 30, 18	Jun 30, 17	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings	11,775.77	9,237.95	2,537.82	27.47%
Accounts Receivable	4.64	0.00	4.64	100.0%
Other Current Assets	350.00	-1,325.00	1,675.00	126.42%
Total Current Assets	12,130.41	7,912.95	4,217.46	53.3%
TOTAL ASSETS	12,130.41	7,912.95	4,217.46	53.3%
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable	140.00	1,419.39	-1,279.39	-90.14%
Other Current Liabilities	1,000.00	500.00	500.00	100.0%
Total Current Liabilities	1,140.00	1,919.39	-779.39	-40.61%
Total Liabilities	1,140.00	1,919.39	-779.39	-40.61%
Equity				
Net Assets	5,993.56	3,368.55	2,625.01	77.93%
Net Income	4,996.85	2,625.01	2,371.84	90.36%
Total Equity	10,990.41	5,993.56	4,996.85	83.37%
TOTAL LIABILITIES & EQUITY	12,130.41	7,912.95	4,217.46	53.3%

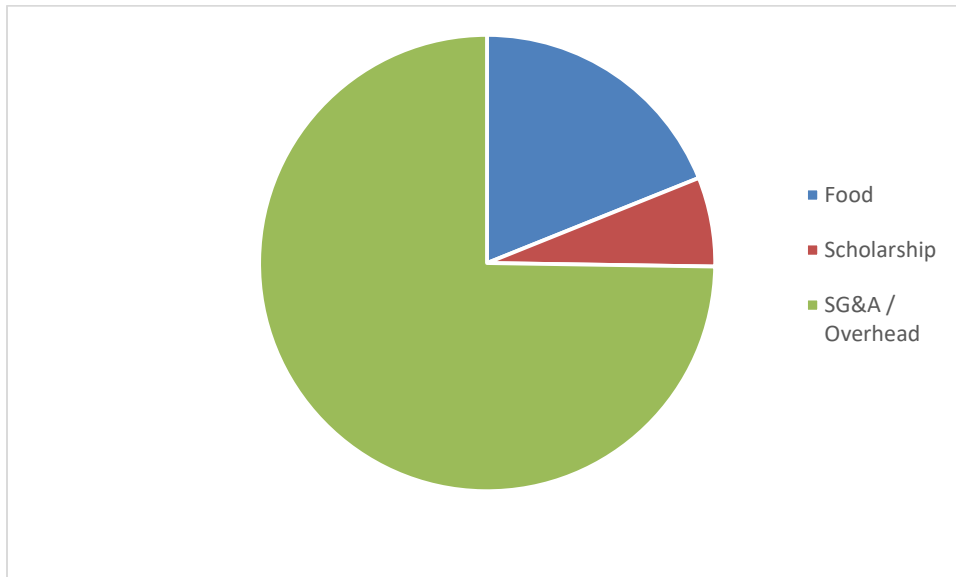
Ruben Castro Charities
Statement of Activities
July 2017 through June 2018

Jul '17 - Jun 18

Ordinary Income/Expense	
Income	
Direct Public Support	
Business Contributions	10,142.02
Individual Contributions	
Individual Event Registration	3,895.00
Individual Gifts-In-Kind	1,559.55
Individual Contributions - Other	<u>5,198.50</u>
Total Individual Contributions	<u>10,653.05</u>
Total Direct Public Support	<u>20,795.07</u>
Total Income	<u>20,795.07</u>
Gross Profit	20,795.07
Expense	
Advertising/Public Relations	8,580.85
Bank/Merchant Fees	119.81
Computer Software & Subs.	563.31
Dues & subscriptions	330.00
Insurance - Liability, D and O	1,134.75
Meals & Entertainment	564.06
Office Supplies	23.58
Operational Supplies	312.12
Program Expenses	
Food Distribution	3,169.74
Scholarships	<u>1,000.00</u>
Total Program Expenses	<u>4,169.74</u>
Total Expense	<u>15,798.22</u>
Net Ordinary Income	<u>4,996.85</u>
Net Income	<u><u>4,996.85</u></u>

Ruben Castro Charities
Statement of Functional Expenses
July 2017 through June 2018

	Program Expenses		Management / General	
	Food	Scholarship	SG&A	
Advertising/Public Relations	-	-	8,580.85	8,580.85
Bank/Merchant Fees	-	-	119.81	119.81
Computer Software & Subs.	-	-	563.31	563.31
Dues & subscriptions	-	-	330.00	330.00
Insurance - Liability, D and O	-	-	1,134.75	1,134.75
Meals & Entertainment	-	-	564.06	564.06
Office Supplies	-	-	23.58	23.58
Operational Supplies	183.08	-	129.04	312.12
Program Expenses	<u>2,805.17</u>	<u>1,000.00</u>	<u>364.57</u>	<u>4,169.74</u>
TOTAL	<u>2,988.25</u>	<u>1,000.00</u>	<u>11,809.97</u>	<u>15,798.22</u>



**Ruben Castro Charities
Statement of Cash Flows
July 2017 through June 2018**

	Jul 1, '17 - Jul 6, 18
OPERATING ACTIVITIES	
Net Income	4,996.85
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	(4.64)
Undeposited Funds	(350.00)
Prepays	275.00
Accounts Payable	(1,279.39)
Liabilities	500.00
Net cash provided by Operating Activities	4,137.82
Net cash increase for period	4,137.82
Cash at beginning of period	7,637.95
Cash at end of period	11,775.77

**Ruben Castro Charities
Statement of Funding
July 2017 through June 2018**

	Permanently Restricted			Unrestricted	TOTAL
	Food	SG&A	Total		
Ordinary Income/Expense					
Income					
Direct Public Support					
Business Contributions	-	9,325.00	9,325.00	817.02	10,142.02
Individual Event Registration	-	-	-	3,895.00	3,895.00
Individual Gifts-In-Kind	281.95	-	281.95	1,277.60	1,559.55
Individual Contributions - Other	-	-	-	5,198.50	5,198.50
Total Direct Public Support	281.95	9,325.00	9,606.95	11,188.12	20,795.07
Net Ordinary Income	281.95	9,325.00	9,606.95	11,188.12	20,795.07

Economic Factors

The 2017-2018 fiscal year saw an increased focus on appealing to local businesses and institutions for financial support. This focus was an extension of the initiative taken during the previous fiscal year to expand the fundraising sources beyond the family & board. Prior analysis had shown that contributions from board & family members represented the majority of funding since the inception of the organization through the end of the 2015-2016 fiscal year. In an effort to promote sustainability, the fundraising committee directed its attention to events intended to increase community awareness of the organization and generate recurring donors/sponsors. While the contribution levels from board & family members have been sustained, funding received from fundraising events, the community, and organizations within the community accounted for 80% of funds received during the 2017-2018 fiscal year.

During the 2017-2018 fiscal year, Ruben Castro Charities was approved by the FDA to receive donations in the form of both perishable and non-perishable food products to be included with our regular food distributions. As a result, the cost to sustain the existing food distribution levels decreased by nearly 50% from the prior fiscal year.

We predict the 2018-2019 fiscal year performance will show an overall increase in the size of the organization. Discussions are underway with other organizations within the community to establish a broad-scale mentorship program, intended to oversee the educational & communal growth of youth through to entrance into college programs.

Additional public relations and promotional expenses will be incurred to communicate the services that the charity offers and procure further public support & funding, and will coincide directly to increased contributions. Due to the success of the prior 5k fundraising events, we anticipate making this a recurring annual fundraiser for the foreseeable future.

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 2017-2018 fiscal year.