

**Ruben Castro Charities**  
**Annual Report of Financial Operations**  
**2019-2020 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, 2020. 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.

Starting in Q1 of 2020, an outbreak of Covid-19 caused a global pandemic resulting in the mandatory closure of business locally and globally and causing an economic downturn that remains as of this writing. While the long-term effects of this pandemic are still unknown, the immediate fiscal impact to the reported fiscal year will be detailed in the Financial Analysis section. Although there have been significant increases in our operation expenses as a result of the pandemic, we are overwhelmed by the outpouring of generosity and community support that we've received from both individuals and organizations that agree with our mission statement and desire to support our efforts.

### 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](http://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 2019-2020 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 2020, the organization had no capital assets.

#### Long-Term Liabilities

As of the fiscal year ending June 2020, the organization had no long-term liabilities or notes payable.

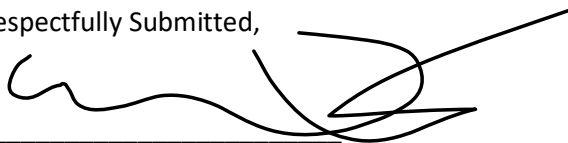
#### Risk Management

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,



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Antonio Castro  
Chief Executive Officer

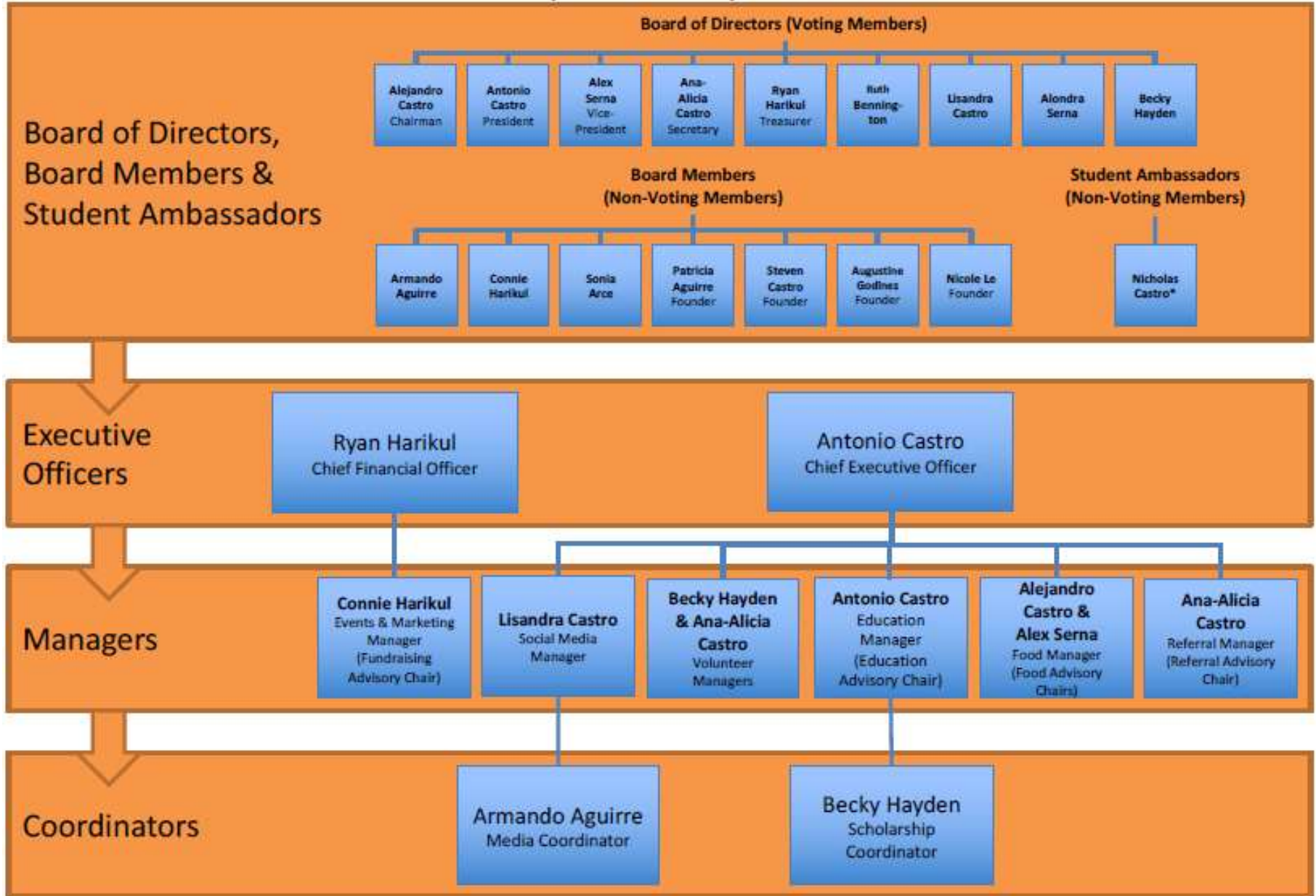


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Ryan Harikul  
Chief Financial Officer

# Ruben Castro Charities

## Organizational Hierarchy Through December 31, 2020



## 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, 2020. 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, 2019 and ending June 30, 2020. During this fiscal year there was an outbreak of Covid-19 that resulted in a global pandemic, with subsequent orders issued by the government that tightened sanitation controls for food handling, and caused an economic downturn that brought the unemployment rate in Ventura County from an average amount below 4% to over 13% in Q2 of 2020. This global pandemic triggered not only an increase in costs associated with our public-facing food distribution program, but also a rallying of the community from both individuals and organizations resulting in an unprecedented increase in public support for the organization.
- ❖ The organization saw an increase in demand at our food distributions corresponding to the rise of the pandemic. As of this report, we maintain our two food distribution sites, which take place every Saturday morning in a designated public area, and every Tuesday at the local community college. Costs for the food distribution program increased 167% over the prior fiscal year, primarily related to Covid-19 (including but not limited to additional resources for distribution, additional supplies for increased sanitization guidelines, and providing meals to our volunteers). This program made up 86% of total program expenses during the year.
- ❖ The organization expanded its scholarship program to a total of \$2,000 during the fiscal year. Two scholarships were awarded during the fiscal year, for \$1,000 each.
- ❖ The annual fundraising event, which typically provides the majority of funding to the organization, took place in March, 2020, shortly before the World Health Organization and local jurisdictions declared a state of emergency and ordered the cessation of public gatherings.
- ❖ The organization finished the 2019-2020 fiscal year with positive net assets of \$29,733. Total funds on hand at fiscal year end were \$32,719. 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). Due to the very high likelihood that the award recipient will meet the obligation to enroll before the end of the 2020 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, 2020, 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, 2020**

ASSETS	
Current Assets	
Checking/Savings	
Cash - Paypal	7,659.94
Checking at Union Bank - Web	24,684.29
Petty Cash	375.00
Total Checking/Savings	<u>32,719.23</u>
TOTAL ASSETS	<u><u>32,719.23</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	35.00
Credit Cards	951.61
ST Liabilities (scholarship)	2,000.00
Total Current Liabilities	<u>2,986.61</u>
Total Liabilities	2,986.61
Equity	
Net Assets	11,169.33
Change in Net Assets	18,563.29
Total Equity	<u>29,732.62</u>
TOTAL LIABILITIES & EQUITY	<u><u>32,719.23</u></u>

**Ruben Castro Charities**  
**Year-Over-Year Comparison of Financial Position**  
**As of June 30, 2020**

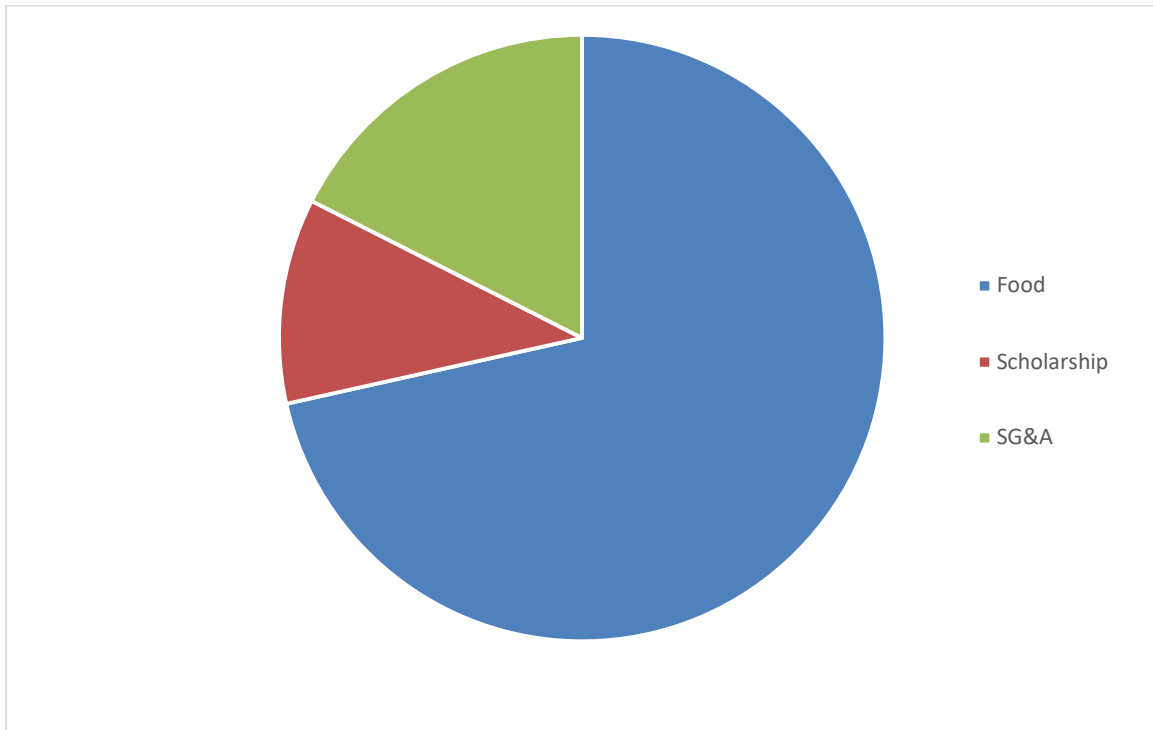
	Jun 30, 20	Jun 30, 19	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings	32,719.23	12,169.33	20,549.90	168.87%
Total Current Assets	<u>32,719.23</u>	<u>12,169.33</u>	<u>20,549.90</u>	<u>168.87%</u>
TOTAL ASSETS	<u><u>32,719.23</u></u>	<u><u>12,169.33</u></u>	<u><u>20,549.90</u></u>	<u><u>168.87%</u></u>
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable	35.00	-	35.00	100.0%
Credit Cards	951.61	-	951.61	100.0%
Other Current Liabilities	2,000.00	1,000.00	1,000.00	100.0%
Total Current Liabilities	<u>2,986.61</u>	<u>1,000.00</u>	<u>1,986.61</u>	<u>198.66%</u>
Total Liabilities	2,986.61	1,000.00	1,986.61	198.66%
Equity				
Net Assets	11,169.33	10,990.41	178.92	1.63%
Net Income	18,563.29	178.92	18,384.37	10,275.19%
Total Equity	<u>29,732.62</u>	<u>11,169.33</u>	<u>18,563.29</u>	<u>166.2%</u>
TOTAL LIABILITIES & EQUITY	<u><u>32,719.23</u></u>	<u><u>12,169.33</u></u>	<u><u>20,549.90</u></u>	<u><u>168.87%</u></u>

**Ruben Castro Charities  
Statement of Activities  
July 2019 through June 2020**

	Jul '19 - Jun 20
Ordinary Income/Expense	
Income	
Direct Public Support	
Business Contributions	24,429.03
Individual Contributions	
Individual Event Registration	2,870.85
Individual Contributions - Other	13,310.46
Total Individual Contributions	16,181.31
Total Direct Public Support	40,610.34
Total Income	40,610.34
Gross Profit	40,610.34
Expense	
Advertising/Public Relations	3,480.82
Bank/Merchant Fees	311.77
Computer Software & Subs.	1,521.71
Contract Services	952.92
Dues & subscriptions	118.00
Insurance - Liability, D and O	1,308.50
Meals & Entertainment	182.17
Office Supplies	229.51
Program Expenses	
Food Distribution	11,941.65
Scholarships	2,000.00
Total Program Expenses	13,941.65
Total Expense	22,047.05
Net Ordinary Income	18,563.29
Net Income	18,563.29

**Ruben Castro Charities  
Statement of Functional Expenses  
July 2019 through June 2020**

	Program Expenses			Management & General	Total
	Food	Scholarship	SG&A		
Advertising/Public Relations	-	-	3,117.93	362.89	3,480.82
Bank/Merchant Fees	-	-	-	311.77	311.77
Computer Software & Subs.	-	-	65.00	1,456.71	1,521.71
Contract Services	952.92	-	-	-	952.92
Dues & subscriptions	-	-	-	118.00	118.00
Insurance - Liability, D and O	-	-	-	1,308.50	1,308.50
Meals & Entertainment	182.17	-	-	-	182.17
Office Supplies	-	-	24.13	205.38	229.51
Program Expenses	11,941.65	2,000.00	-	-	13,941.65
<b>TOTAL</b>	<b>13,076.74</b>	<b>2,000.00</b>	<b>3,207.06</b>	<b>3,763.25</b>	<b>22,047.05</b>



**Ruben Castro Charities**  
**Statement of Funding**  
**July 2019 through June 2020**

	Permanently Restricted			Unrestricted	TOTAL
	Food	SG&A	Total		
Ordinary Income/Expense					
Income					
Direct Public Support					
Business Contributions	10,000.00	7,450.00	17,450.00	6,979.03	24,429.03
Individual Contributions					
Individual Event Registration	-	-	-	2,870.85	2,870.85
Individual Contributions - Other	-	-	-	13,310.46	13,310.46
Total Individual Contributions	-	-	-	16,181.31	16,181.31
Total Direct Public Support	10,000.00	7,450.00	17,450.00	23,160.34	40,610.34
Net Ordinary Income	10,000.00	7,450.00	17,450.00	23,160.34	40,610.34

**Ruben Castro Charities**  
**Statement of Cash Flows**  
**July 2019 through June 2020**

OPERATING ACTIVITIES	
Net Income	18,563.29
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Payable	35.00
AMEX	951.61
Liabilities	1,000.00
Net cash provided by Operating Activities	<u>20,549.90</u>
Net cash increase for period	<u>20,549.90</u>
Cash at beginning of period	<u>12,169.33</u>
Cash at end of period	<u><u>32,719.23</u></u>

## **Economic Factors**

As previously noted, the 2019-2020 fiscal year saw across-the-board increases in funding from external sources and costs related to government-mandated additional sanitization and food-handling guidelines as a result of the Covid-19 outbreak.

We expect continuing growth during the 2020-2021 fiscal year, and hope to expand both the food distribution and educational programs of the organization. That said, the long-term impact of the pandemic is largely unknown, both from an economic and community interaction perspective. Unemployment rates have reached record highs, and we anticipate the need for food distribution and economic aid services will continue to rise in the near term. As of this writing, public-facing charitable organizations have not fallen under any of the closure mandates.

Additional public relations and promotional expenses will be incurred to communicate the services that the charity offers and procure further public support & funding. Due to the uncertainty of publicly-held events and gatherings, we do not anticipate hosting another 5k event in 2020, and are considering options should the restrictions on public gatherings continue into 2021.

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## **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 2019-2020 fiscal year.