

Ruben Castro Charities
Annual Report of Financial Operations
2016-2017 Fiscal Year



Table of Contents

Letter to the Board **1**

Organizational Chart **3**

Financial Section **4**

 Financial Analysis 5

 Overview of Basic Financial Statements 6

 Statement of Financial Position 7

 Statement of Activities (Financial Income & Expenses) 8

 Statement of Functional Expenses 9

 Statement of Cash Flows 10

 Statement of Funding 10

Economic Factors & Notes **11**

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. 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 2016-2017 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 2017, the organization had no capital assets.

Long-Term Liabilities

As of the fiscal year ending June 2017, the organization had no long-term liabilities or notes payable.

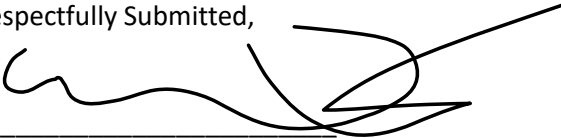
Risk Management

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,



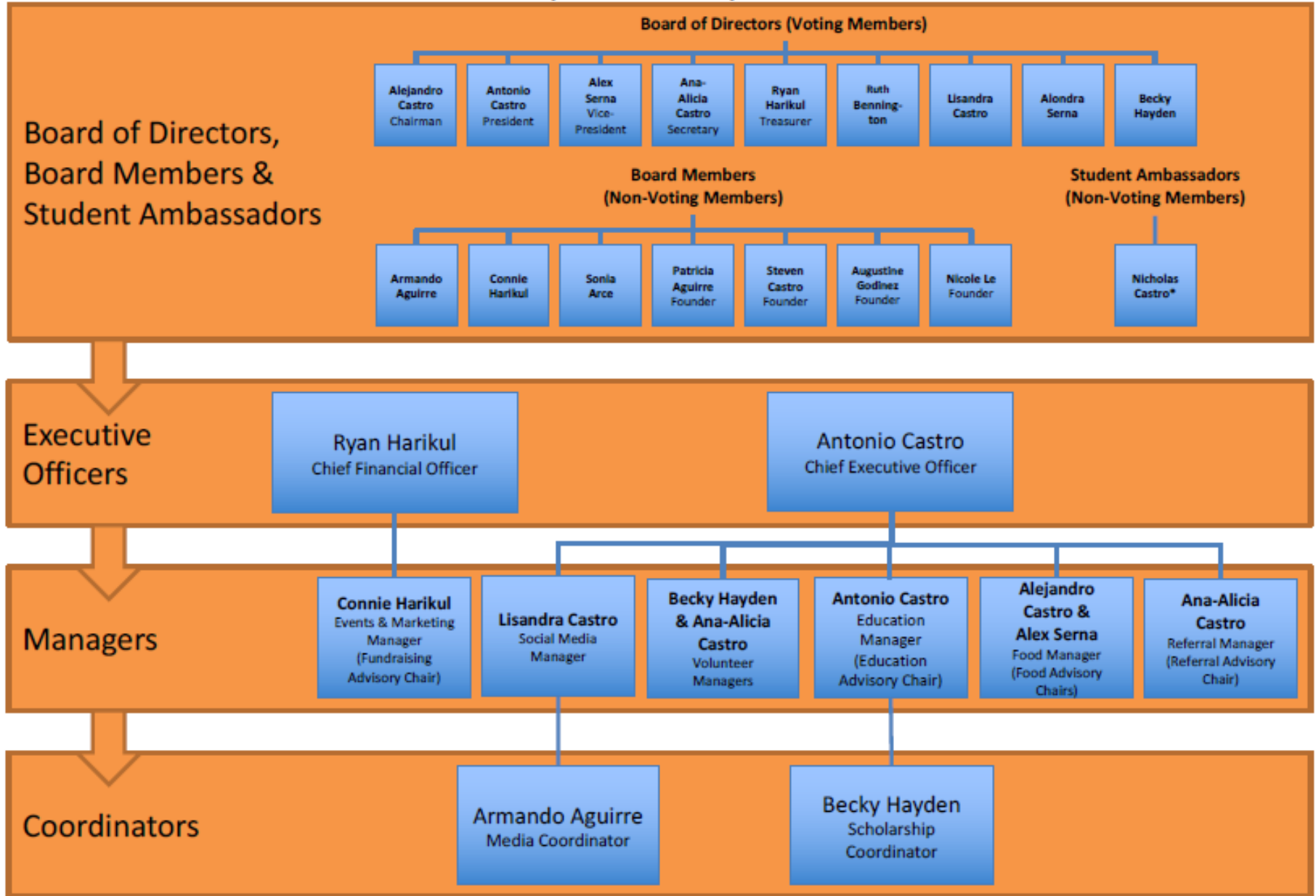
Antonio Castro
Chief Executive Officer



Ryan Harikul
Chief Financial Officer

Ruben Castro Charities

Organizational Hierarchy Through December 31, 2017



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, 2017. 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, 2016 and ending June 30, 2017.
- ❖ The organization expanded its program of food distribution during the 2016-2017 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 92% 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 typically provides the majority of funding to the organization, took place in July, 2016. An additional 5k fundraising event took place in the 2017-2018 fiscal year, but had approximately \$1k of advertising costs that took place in the 2016-2017 fiscal year, and are included in that reporting period.
- ❖ The organization finished the 2016-2017 fiscal year with positive net assets of \$5,994. Total funds on hand at fiscal year end were \$7,912. The \$1,918 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.
- ❖ The (\$1,600) credit balance in undeposited funds represents sponsorships & donations received during the 2016-2017 fiscal year related to the 5k that took place at the beginning of the 2017-2018 fiscal year. These funds were deposited upon receipt but recorded at the time of the event.
- ❖ As of the fiscal year ended June 30, 2017, 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, 2017

ASSETS	
Current Assets	
Checking/Savings	
Petty Cash	615.00
Checking at Union Bank – Web	6,841.80
Cash – Paypal	1,781.15
Undeposited Funds	(1,600.00)
Total Checking/Savings	7,637.95
Other Current Assets	
Prepays	275.00
Total Other Current Assets	275.00
Total Current Assets	7,912.95
TOTAL ASSETS	7,912.95
LIABILITIES & NET ASSETS	
Liabilities	
Current Liabilities	
Accounts Payable	1,419.39
ST Liabilities (scholarship)	500.00
Total Current Liabilities	1,919.39
Total Liabilities	1,919.39
Equity	
Unrestricted Net Assets	3,368.55
Change in Net Assets	2,625.01
Total Equity	5,993.56
TOTAL LIABILITIES & NET ASSETS	7,912.95

Ruben Castro Charities
Year-Over-Year Comparison of Financial Position
As of June 30, 2017

	Jun 30, 17	Jun 30, 16	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings	7,637.95	3,729.79	3,908.16	104.78%
Other Current Assets	275.00	430.00	(155.00)	(36.04%)
Total Current Assets	7,912.95	4,159.79	3,753.16	90.22%
TOTAL ASSETS	7,912.95	4,159.79	3,753.16	90.22%
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities	1,919.39	791.24	1,128.15	142.58%
Total Liabilities	1,919.39	791.24	1,128.15	142.58%
Equity				
Unrestricted Net Assets	3,368.55	2,945.36	423.19	14.37%
Net Income	2,625.01	423.19	2,201.82	520.29%
Total Equity	5,993.56	3,368.55	2,625.01	77.93%
TOTAL LIABILITIES & EQUITY	7,912.95	4,159.79	3,753.16	90.23%

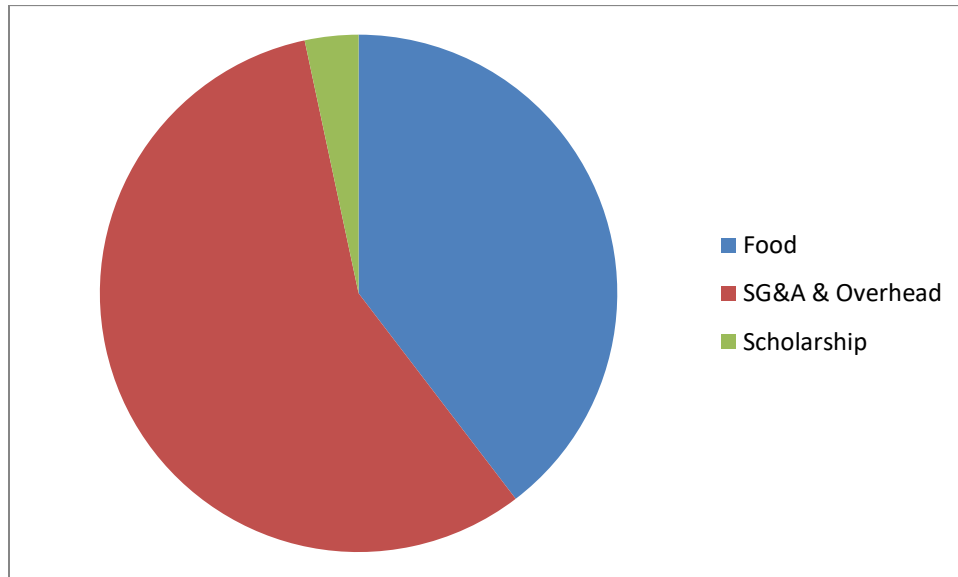
Ruben Castro Charities Statement of Activities

July 2016 through June 2017

	Jul '16 - Jun 17
Ordinary Income/Expense	
Income	
Direct Public Support	
Business Contributions	2,587.53
Business Gifts In Kind	3,480.00
Event Registration Donations	2,563.26
Individual Contributions	6,589.99
Individual Gifts In Kind	3,569.01
Total Direct Public Support	19,649.79
Cost of Direct Benefit to Donors	
Cost of Benefit to Donors	2,085.00
Total Cost of Direct Benefit to Donors	2,085.00
Total Operating Revenues & Support	17,564.79
Expense	
<u>Management & General Expenses</u>	
Advertising/Public Relations	4,987.39
Bank/Merchant Fees	178.77
Dues & subscriptions	320.00
Insurance - Liability, D and O	1,358.75
Office/Admin expenses	746.90
Operations	930.43
Total Management & General Expenses	8,522.24
<u>Program Expenses</u>	
Goods Distribution	5,917.54
Public Assistance	-
Scholarships	500.00
Total Program Expenses	6,417.54
Total Expense	14,939.78
Net Change from Operations	2,625.01
Change in Net Assets	2,625.01

Ruben Castro Charities
Statement of Functional Expenses
July 2016 through June 2017

	Program Expenses			Management & General	TOTAL
	Food	Utilities	Scholarship Fund	SG&A	
Advertising/Public Relations	0.00	0.00	0.00	4,987.39	4,987.39
Bank/Merchant Fees	0.00	0.00	0.00	178.77	178.77
Dues & subscriptions	0.00	0.00	0.00	320.00	320.00
Insurance - Liability, D and O	0.00	0.00	0.00	1,358.75	1,358.75
Office/Admin expenses	0.00	0.00	0.00	746.90	746.90
Operations	0.00	0.00	0.00	930.43	930.43
Program Expenses	5,917.54	0.00	500.00	0.00	6,417.54
TOTAL	5,917.54	0.00	500.00	8,522.24	14,939.78



**Ruben Castro Charities
Statement of Funding
July 2016 through June 2017**

	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	2,587.53	2,587.53
Business Gifts-In-Kind	0.00	1,480.00	0.00	0.00	1,480.00	2,000.00	3,480.00
Event-Related Donations	0.00	0.00	0.00	0.00	0.00	3,423.26	3,423.26
Individual Contributions	0.00	0.00	0.00	0.00	0.00	6,589.99	6,589.99
Individual Gifts-In-Kind	961.36	175.00	0.00	0.00	1,136.36	2,432.65	3,569.01
Total Direct Public Support	<u>961.36</u>	<u>1,655.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,616.36</u>	<u>3,933.52</u>	<u>19,649.79</u>
Total Cost of Benefit to Donors	0.00	(2,085.00)	0.00	0.00	(2,085.00)	0.00	(2,085.00)
Net Income	<u>961.36</u>	<u>1,655.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,616.36</u>	<u>3,933.52</u>	<u>17,564.79</u>

**Ruben Castro Charities
Statement of Cash Flows
July 2016 through June 2017**

OPERATING ACTIVITIES	
Change in Net Assets	2,625.01
Adjustments to reconcile Net Income to net cash provided by operations:	
Inventory Asset:Fundraising Inventory	430.00
Prepays	(275.00)
Accounts Payable	1,128.15
Net cash provided by Operating Activities	<u>3,908.16</u>
Net cash increase for period	3,908.16
Cash at beginning of period	<u>3,729.79</u>
Cash at end of period	<u><u>7,637.95</u></u>

Economic Factors

The 2016-2017 fiscal year saw an increased focus on fundraising. This was driven in part by an analysis of contributions made to the organization for each fiscal year. It was found that contributions from board & family members represented 60% of contributions during the 2014-2015 and 68% of contributions during 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. As a result, we expect to see the proportionate share of contributions from board & family members to decrease over time. For the fiscal year ended June 2017, contributions from board & family members represented 53% of contributions.

The 2016-2017 fiscal year was also impacted by the expansion of the food distribution program to an additional site, located at Moorpark Community College. This expansion, along with increased awareness of the existing distribution site, contributed to an increase of 146% in program costs over the prior fiscal year. This is in alignment with the organization's mission statement and planned expansion efforts at the end of the prior fiscal year.

We predict the 2017-2018 fiscal year performance will show an overall increase in the size of the organization. Additional program expenses are expected to be incurred due to expansion into educational programs that were discussed at the end of the prior year. 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. As of this writing, one fundraising event has been held (5k, July 2017) with an additional event planned for April of 2018.

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.