

SPLASHES OF HOPE, INC.
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
SEPTEMBER 30, 2019 AND 2018
WITH
ACCOUNTANT'S REVIEW REPORT

SPLASHES OF HOPE, INC.
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
SEPTEMBER 30, 2019 AND 2018

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Mayoka & Company

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Splashes of Hope, Inc.:

We have reviewed the accompanying financial statements of Splashes of Hope, Inc. (the Organization, a nonprofit organization) which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Syosset, New York
February 15th 2020

MAYOKA & COMPANY

SPLASHES OF HOPE, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2019 AND 2018

ASSETS		2019		2018
CURRENT ASSETS:				
Cash and cash equivalents	\$	85,393	\$	99,714
Accounts Receivable		52,265		29,678
Total current assets		137,658		129,392
FIXED ASSETS, net of accumulated depreciation of \$57,381 and \$57,055, respectively				
		203		530
Total assets	\$	137,861	\$	129,922
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$	11,693	\$	1,434
Total Liabilities		11,693		1,434
NET ASSETS:				
Unrestricted		126,168		128,488
Total net assets		126,168		128,488
Total liabilities and net assets	\$	137,861	\$	129,922

See accompanying accountant's review report and accompanying notes
to the financial statements

SPLASHES OF HOPE, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019			2018		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES:						
Contributions-projects	\$ 148,631	-	\$ 148,631	\$ 175,732	\$ -	\$ 175,732
Special events, net of expenses	42,864	-	42,864	46,031	-	46,031
Contributions	68,118	-	68,118	60,376	-	60,376
In-kind donations	14,400	-	14,400	34,133	-	34,133
Grants	29,516	-	29,516	7,622	-	7,622
Interest	146	-	146	115	-	115
 Total support and revenues	\$ 303,675		\$ 303,675	\$ 324,009		\$ 324,009
 EXPENSES:						
Program	72,335		72,335	210,790	-	210,790
Management and general	231,250		231,250	50,825	-	50,825
Fundraising	2,410		2,410	29,991	-	29,991
 Total expenses	305,995		305,995	291,606	-	291,606
 CHANGE IN NET ASSETS	(2,320)		(2,320)	32,403		32,403
 NET ASSETS, BEGINNING OF YEAR	128,488		128,488	96,085		96,085
 NET ASSETS, END OF YEAR	\$ 126,168		126,168	\$ 128,488	-	\$ 128,488

See accompanying accountant's review report and accompanying notes
to the financial statements

SPLASHES OF HOPE, INC.

STATEMENTS OF CASH FLOWS (INDIRECT METHOD)

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (2,320)	\$ 32,403
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	327	606
Increase(decrease) in contributions receivable	(22,587)	(21,142)
Increase (decrease) in accounts payable and accrued expenses	<u>10,259</u>	<u>(3,817)</u>
Net cash provided by operating activities	<u>\$ (14,321)</u>	<u>8,050</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ (14,321)	8,050
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>99,714</u>	<u>91,664</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 85,393</u>	<u>\$ 99,714</u>

See accompanying accountant's review report and accompanying notes
to the financial statements

SPLASHES OF HOPE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(With Summarized Totals for 2017)

	PROGRAM	SUPPORTING SERVICES				Total	
	Murals and Artwork	Management and General	Fundraising	Total	2019	2018	
Salaries	113,828	19,828	13,219	33,047	146,875	\$ 145,572	
Insurance	6,168	1,364	45	1,409	7,577	14,080	
Rent	11,520	1,440	1,440	2,880	14,400	14,400	
Payroll taxes	8,214	1,430	954	2,384	10,598	15,503	
Artists	32,553			-	32,553	9,307	
Advertising and promotion	560		2,661	2,661	3,221	11,980	
In-kind expenses	-			-		19,500	
Travel, meals and lodging	18,390			-	18,390	9,655	
Computer and internet	3,107	541	361	902	4,009	2,606	
Outreach projects	69			-	69	-	
Professional fees		25,719		25,719	25,718	22,015	
Supplies-art and referene	12,107		610	610	12,717	10,293	
Equipment rental	1,676	211	118	329	2,005	2,170	
Office expenses	3,991	695	464	1,159	5,150	3,231	
Repairs and maintenance	2,651			-	2,651	3,633	
Telephone	1,674			-	1,674	1,029	
Depreciation	327			-	327	606	
Miscellaneous Expense	4,703			-	4,703	4,764	
Printing and reproduction	973			-	973	186	
Interest and finance charges	390			-	390		
Postage and shipping	554			-	554	878	
Conferences	10,926		515	515	11,441	198	
				-			
	<u>234,380</u>	<u>51,228</u>	<u>20,387</u>	<u>71,615</u>	<u>305,995</u>	<u>\$ 291,606</u>	

See accompanying accountant's review report and accompanying notes
to the financial statements

SPLASHES OF HOPE, INC.
NOTES TO THE FINANCIAL STATEMENTS

Organization

Splashes of Hope, Inc. (the "Organization") was founded on November 11, 1996 and is incorporated under the laws of the State of New York as a not-for-profit corporation. The mission of the Organization is to transform, enrich and facilitate healing through art.

Summary of significant accounting policies:

The accompanying financial statements include the assets, liabilities, revenues and expenses of the Organization. The following is a summary of significant accounting policies followed by the Organization.

Financial statement presentation -

The accompanying financial statements are generally presented under the accrual basis of accounting, and include the accounts of the Organization's programs, management and general and fundraising. The Organization presents its financial statements in accordance with U.S. generally accepted accounting principles that require the Organization's financial statements distinguish between unrestricted, temporarily restricted and permanently restricted net assets and changes in net assets. The Organization's net assets consist of the following:

Unrestricted - net assets of the Organization which have not been restricted by an outside donor or by law and are therefore available for use in carrying out the operations of the Organization

Temporarily restricted - net assets of the Organization which have been limited by donor-imposed stipulations or by law that either expire with the passage of time or can be fulfilled and removed by the actions of the Organization pursuant to those stipulations.

As of September 30, 2019 and 2018, the Organization did not possess any permanently restricted net assets.

As required by U.S. generally accepted accounting principles, the Organization has also presented Statements of Cash Flows for the years ended September 30, 2019 and 2018.

Revenue and expense recognition -

Contributions are generally recognized when received and are considered to be available for unrestricted use unless specifically restricted by the donor. Revenues under contracts for service are generally recognized as earned. Expenses are generally recognized as incurred under the accrual basis of accounting.

Cash and cash equivalents -

All highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents.

Contributions receivable -

Contributions receivable are reported at the amount management expects to collect from outstanding contributions. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined. Management has performed an analysis of its outstanding contributions receivable and believes that any future losses on current receivable balances will be minimal.

Fixed assets -

Fixed assets are capitalized at cost or, if donated, at fair market value as of the date of receipt. The cost of fixed assets purchased in excess of \$1,000 is capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (generally three to five years).

Donated services -

A number of volunteers have donated significant amounts of their time to the Organization. However, since these services do not meet the criteria for recognition under U.S. generally accepted accounting principles, they are not reflected in the accompanying financial statements.

Income taxes -

The Organization qualifies as a tax exempt not-for-profit organization under Section 501 (c)(3) of the Internal Revenue Code and applicable New York State tax laws. Accordingly, no provision for Federal or state income taxes is required.

The use of estimates in the preparation of financial statements -

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reported period. Actual results may differ from those estimates.

Fixed assets

Fixed assets as of September 30, 2019 and 2018 are comprised of the following:

	<u>2019</u>	<u>2018</u>
Vehicles	49,000	\$ 49,000
Furniture and fixtures	5,380	5,380
Computer and printer	2,654	2,654
Office equipment	<u>550</u>	<u>550</u>
	57,584	\$ 57,584
Less: accumulated depreciation	<u>(57,381)</u>	<u>(57,054)</u>
	<u><u>203</u></u>	<u><u>\$ 530</u></u>

In-kind contributions

The Organization occupies space for free in Huntington, New York. U.S. generally accepted accounting principles require the Organization to recognize rent expense and corresponding contribution revenue on this favorable arrangement, at fair value. As such, \$14,400 has been included in the accompanying financial statements as in-kind donations and corresponding rent expense for each of the years ended September 30, 2019 and 2018.

In addition, the Organization received donations of art supplies and various other items for fulfillment of its programs. The values of these donations have been reflected in the appropriate expense categories and in-kind donations in the accompanying financial statements.

Subsequent events

The Organization has evaluated subsequent events through February 20th 2020 which is the date these financial statements were available to be issued, noting no matters requiring financial statement disclosure.