FOCUSING PHILANTHROPY

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

TOGETHER WITH INDEPENDENT AUDITORS’ REPORT
INDEPENDENT AUDITORS' REPORT

The Board of Directors
Focusing Philanthropy
Los Angeles, California

We have audited the accompanying financial statements of Focusing Philanthropy (a California Non-Profit Corporation), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Focusing Philanthropy as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Los Angeles, California
June 30, 2016
FOCUSING PHILANTHROPY
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015 AND 2014

ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$859,237</td>
<td>$575,540</td>
</tr>
<tr>
<td>Contributions Receivable</td>
<td>239,451</td>
<td>4,124</td>
</tr>
<tr>
<td>Miscellaneous Receivable</td>
<td>2,276</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>1,100,964</td>
<td>579,664</td>
</tr>
<tr>
<td><strong>Property &amp; Equipment, Net (Note 3)</strong></td>
<td>74,106</td>
<td>3,329</td>
</tr>
<tr>
<td><strong>Other Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>511,290</td>
<td>-</td>
</tr>
<tr>
<td>Security Deposit</td>
<td>7,484</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Other Assets</strong></td>
<td>518,774</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$1,693,844</td>
<td>$582,993</td>
</tr>
</tbody>
</table>

LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$37,990</td>
<td>$11,348</td>
</tr>
<tr>
<td>Credit Card Payable</td>
<td>6,542</td>
<td>7,874</td>
</tr>
<tr>
<td>Payroll Liabilities</td>
<td>6,850</td>
<td>7,728</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>51,382</td>
<td>26,950</td>
</tr>
<tr>
<td><strong>Deferred Rent</strong></td>
<td>19,720</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>71,102</td>
<td>26,950</td>
</tr>
<tr>
<td><strong>Net Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted Net Assets (Deficit)</td>
<td>(71,123)</td>
<td>(21,630)</td>
</tr>
<tr>
<td>Temporarily Restricted Net Assets (Note 5)</td>
<td>1,693,865</td>
<td>577,673</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>1,622,742</td>
<td>556,043</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td>$1,693,844</td>
<td>$582,993</td>
</tr>
</tbody>
</table>

See accompanying notes and independent auditors' report.
FOCUSING PHILANTHROPY  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Changes in Unrestricted Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions Received - General Operating (Note 6)</td>
<td>$456,932</td>
<td>$320,172</td>
</tr>
<tr>
<td>Investment Income, Net</td>
<td>(11,334)</td>
<td>-</td>
</tr>
<tr>
<td>Net Assets Released from Restrictions (Note 5)</td>
<td>3,882,663</td>
<td>2,347,912</td>
</tr>
<tr>
<td><strong>Total Unrestricted Support</strong></td>
<td>4,328,261</td>
<td>2,668,084</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Services</td>
<td>4,220,929</td>
<td>2,483,353</td>
</tr>
<tr>
<td>Fundraising</td>
<td>49,421</td>
<td>93,044</td>
</tr>
<tr>
<td>Management and General</td>
<td>107,404</td>
<td>82,851</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>4,377,754</td>
<td>2,659,248</td>
</tr>
<tr>
<td>Increase (Decrease) in Unrestricted Net Assets</td>
<td>(49,493)</td>
<td>8,836</td>
</tr>
</tbody>
</table>

| **Changes in Temporarily Restricted Net Assets** |            |            |
| Contributions Received - Nonprofits (Note 6)      | 4,998,855  | 2,710,523  |
| Donated Services (Notes 1 and 6)                   | -          | 25,650     |
| Net Assets Released from Restrictions (Note 5)    | (3,882,663)| (2,347,912)|
| **Increase in Temporarily Restricted Net Assets** | 1,116,192  | 388,261    |

Increase in Net Assets:  
1,066,699 (2015)  
397,097 (2014)

Net Assets at Beginning of Year:  
556,043 (2015)  
158,946 (2014)

Ending Net Assets:  
$1,622,742 (2015)  
$556,043 (2014)

See accompanying notes and independent auditors' report.
FOCUSING PHILANTHROPY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows from Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td>$1,066,699</td>
<td>$397,097</td>
</tr>
</tbody>
</table>

Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:
- Depreciation                   | 4,870    | 856      |
- Contribution of Securities     | (815,035)|          |
- Realized & Unrealized Losses on Sale of Securities | 12,671   |          |

Changes in Operating Assets and Liabilities:
- Contributions Receivable       | (235,327)| (4,124)  |
- Miscellaneous Receivable       | (2,276)  | 306      |
- Security Deposit               | (7,484)  | -        |
- Accounts Payable               | 26,642   | 130      |
- Accrued Expenses               | (2,210)  | 2,906    |
- Deferred Rent                  | 19,720   |          |

Cash Provided by Operating Activities
- 68,270                         | 397,171  |

**Cash Flows from Investing Activities**
- Purchases of Property & Equipment | (76,504) | -        |
- Proceeds from Sale of Securities | 291,931  | -        |

Net Cash Used by Investing Activities
- 215,427                        | -        |

Net Increase in Cash
- 283,697                        | 397,171  |
Cash at Beginning of Year
- 575,540                        | 178,369  |

**Cash at End of Year**
- $859,237                       | $575,540 |

The Organization did not make interest or tax payments in 2015 and 2014.

See accompanying notes and independent auditors' report.
FOCUSING PHILANTHROPY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

1. Nature of Activities and Significant Accounting Policies

Nature of Activities

Focusing Philanthropy ("Organization") is a nonprofit corporation that identifies, evaluates and presents opportunities for personal philanthropy, all from the perspective of donors who wish to be confident that funds contributed are achieving the greatest possible impact. Focusing Philanthropy supports organizations and programs which address one or more of its three areas of focus. The Organization’s areas of focus are:

- **Increasing Income Programs** that provide the equipment, personnel or financing to permit an individual, family or community to increase their income, and therefore their standard of living, on a sustainable basis.

- **Building Community Infrastructure Programs** that help communities create or acquire the assets needed to improve the quality of life of all residents; community needs may include clean water, access to basic health services, electricity, locally managed credit facilities, etc.

- **Achieving Self-Sufficiency Programs** that encourage and facilitate individual initiative to address serious challenges and improve oneself through access to education, training, improved living conditions, mental health initiatives and the like.

Basis of Presentation of Financial Statements

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with United States Generally Accepted Accounting Principals (US GAAP). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Classification of Net Assets

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Unrestricted* – includes unrestricted funds for general operations, support used in operations after meeting initial grantor or donor restrictions.

*Temporarily restricted* – includes funds that are subject to donor imposed restrictions which will be met either by the Organization’s actions or the passage of time. Temporarily restricted net assets are reclassified to unrestricted net assets when the restrictions have been met or have expired.

See independent auditors’ report.
1. Nature of Activities and Significant Accounting Policies (continued)

Classification of Net Assets (continued)

Permanently restricted – includes funds that are subject to donor imposed restrictions that do not expire. Amounts are held in perpetuity while the income is available for general or program designated use. At December 31, 2015 and 2014 the Organization did not have any permanently restricted net assets.

Liquidity

Assets are presented according to their nearness to cash and liabilities are presented according to their nearness to payment or use of cash.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Contributions received are recorded as unrestricted or temporarily restricted support, depending on the existence and nature of any donor restrictions.

When a donor-imposed restriction is satisfied, the donation is reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions Made

Unconditional grant payments are recognized as an expense in the period in which they are approved.

Income Tax Status

The Organization has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code and under Revenue and Taxation Code Section 23701(d), respectively.

Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income taxes. The Organization uses the same accounting methods for tax and financial reporting. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization returns are more likely than not to be sustained upon examination. The Organization’s returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

See independent auditors’ report.
FOCUSING PHILANTHROPY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

1. Nature of Activities and Significant Accounting Policies (continued)

Functional Expenses

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services based on estimated employee time incurred and resource usage. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

Contributions Receivable

Contributions receivable are stated net of an allowance for doubtful accounts. The Organization estimates the allowance based on an analysis of specific donors, taking into consideration the age of past due amounts and an assessment of the donor’s ability to pay. There was no allowance for doubtful accounts at December 31, 2015 and 2014.

Fair Value of Financial Instruments

Financial assets and liabilities are recorded at their fair market value in accordance with accounting standards. Accounting standards define fair value and establishes a hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. Accounting standards define fair value as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy prioritizes fair value measurements based on the types of inputs used in the valuation technique. The inputs are categorized in the following levels:

Level 1 – Observable inputs such as quoted prices in active markets for identical assets or liabilities.

Level 2 – Directly or indirectly observable inputs for quoted and other than quoted prices for identical or similar assets and liabilities in active or non-active markets.

Level 3 – Unobservable inputs not corroborated by market data, therefore requiring the entity to use the best information available in the circumstances, including the entity’s own data.

Certain financial instruments are carried at cost on the statements of financial position and, thus, are not categorized. These instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. Investments shown at December 31, 2015 are considered Level 1 inputs.

Property & Equipment

Property and equipment purchases are stated at cost. The Organization capitalizes additions of property and equipment in excess of $500. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

See independent auditors’ report.
FOCUSING PHILANTHROPY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

1. Nature of Activities and Significant Accounting Policies (continued)

Contributed Services

The Organization recognizes contributed services at their fair value if the services have value to
the Organization and require specialized skills, are provided by individuals possessing those
skills, and would have been purchased if not provided by contributors. The Organization
received contributed legal services of $- and $25,650 for the years ended December 31, 2015 and
2014, respectively.

2. Concentrations

Financial instruments that potentially subject the Organization to concentrations of credit risk
include cash balances. The Organization maintains its cash balance in one financial institution.
Cash balance held in this account is insured by the Federal Deposit Insurance Corporation (FDIC)
up to $250,000. As of December 31, 2015, the Organization’s uninsured cash balance was
$609,237. As of December 31, 2014, the Organization’s uninsured cash balance was $325,540.

Concentrations for contributions received arise because 34% and 38% of the Organization’s
contributions received came from two and three donors for the years ended December 31, 2015 and
2014, respectively.

3. Property and Equipment

At December 31, 2015 and 2014, property and equipment consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Equipment and Furniture</td>
<td>$34,566</td>
<td>$4,613</td>
</tr>
<tr>
<td>Leasehold Improvements</td>
<td>46,550</td>
<td>--</td>
</tr>
<tr>
<td>Less: Accumulated Depreciation</td>
<td>(4,146)</td>
<td>(1,284)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$74,106</strong></td>
<td><strong>$3,329</strong></td>
</tr>
</tbody>
</table>

Depreciation expense totaled $5,726 and $856 for the years ended December 31, 2015 and 2014,
respectively.

See independent auditors’ report.
4. Commitments and Contingencies

Operating Leases

The Organization is committed under a real property lease for premises in Santa Monica, California, beginning in September 2015. The lease expires January 31, 2021. Future minimum lease payments are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$66,889</td>
</tr>
<tr>
<td>2017</td>
<td>83,003</td>
</tr>
<tr>
<td>2018</td>
<td>85,494</td>
</tr>
<tr>
<td>2019</td>
<td>88,058</td>
</tr>
<tr>
<td>2020</td>
<td>90,700</td>
</tr>
<tr>
<td>Thereafter</td>
<td>7,708</td>
</tr>
</tbody>
</table>

Total $421,852

Rent expense was $50,605 and $15,436 for the years ended December 31, 2015 and 2014, respectively.

5. Temporarily Restricted Net Assets

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. Purpose restrictions accomplished in 2015 and 2014 totaled $3,882,663 and $2,347,912, respectively. As of December 31, 2015 and 2014, the balance of temporarily restricted net assets totaled $1,683,571 and $577,673, respectively.

6. Related Party Transactions

The Organization received contributions totaling $1,124,730 and $1,151,768 from the chairman of the board, other board members and staff for the years ended December 31, 2015 and 2014, respectively.

The Organization receives pro bono legal services from the law firm of Kirkland and Ellis, LLP. The Organization received contributed legal services of $- and $25,650 for the years ended December 31, 2015 and 2014, respectively. The Organization also received a contribution of $1,500 from the Kirkland & Ellis Foundation in 2014.

See independent auditors’ report.
7. Subsequent Events

Subsequent events were evaluated by management through June 30, 2016, which is the date the financial statements were available to be issued.

See independent auditors’ report.