

FOCUSING PHILANTHROPY
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

J. Arthur Greenfield & Co. LLP

CERTIFIED PUBLIC ACCOUNTANTS
FOUNDED 1920

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 statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year 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, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

J. Arthur Greenfield & Co. LLP

Los Angeles, California
August 1, 2014

**FOCUSING PHILANTHROPY
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2013**

ASSETS

Current Assets:

Cash	\$ <u>178,369</u>
Miscellaneous Receivable	<u>306</u>
Total Current Assets	<u>178,675</u>
Property & Equipment, Net (Note 4)	<u>4,185</u>
Total Assets	\$ <u><u>182,860</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 11,217
Accrued Expenses	1,085
Credit Card Payable	4,712
Payroll Liabilities	<u>6,900</u>
Total Current Liabilities	<u>23,914</u>
Net Assets:	
Unrestricted Net Assets (Deficit)	(30,466)
Temporarily Restricted Net Assets (Note 3)	<u>189,412</u>
Total Net Assets	<u>158,946</u>
Total Liabilities and Net Assets	\$ <u><u>182,860</u></u>

See accompanying notes and independent auditors' report.

**FOCUSING PHILANTHROPY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
SUPPORT			
Contributions Received:			
Contributions Received - Nonprofits (Note 5)	\$ -	\$ 1,886,360	\$ 1,886,360
Contributions Received - General Operating (Note 5)	214,255	-	214,255
Donated Services (Notes 1 and 5)	-	5,091	5,091
	<u>214,255</u>	<u>1,891,451</u>	<u>2,105,706</u>
Total Contributions Received	214,255	1,891,451	2,105,706
Net Assets Released from Restrictions (Note 3)	<u>1,715,739</u>	<u>(1,715,739)</u>	<u>-</u>
Total Support	<u>1,929,994</u>	<u>175,712</u>	<u>2,105,706</u>
EXPENSES			
Program Services	1,841,984	-	1,841,984
Fundraising	72,620	-	72,620
Management and General	59,693	-	59,693
	<u>1,974,297</u>	<u>-</u>	<u>1,974,297</u>
Total Expenses	1,974,297	-	1,974,297
Change in Net Assets	(44,303)	175,712	131,409
Net Assets at Beginning of Year	<u>13,837</u>	<u>13,700</u>	<u>27,537</u>
Ending Net Assets	<u>\$ (30,466)</u>	<u>\$ 189,412</u>	<u>\$ 158,946</u>

See accompanying notes and independent auditors' report.

**FOCUSING PHILANTHROPY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Cash Flows from Operating Activities	
Change in Net Assets	\$ 131,409
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	428
Changes in Operating Assets and Liabilities:	
Donations Receivable	5,000
Miscellaneous Receivable	1,257
Accounts Payable	1,122
Accrued Expenses	11,584
Grants Payable	(19,600)
Cash Provided by Operating Activities	<u>131,200</u>
Cash Flows from Investing Activities	
Purchases of Property & Equipment	(4,612)
Net Cash Used by Investing Activities	<u>(4,612)</u>
Net Increase in Cash	126,588
Cash at Beginning of Year	<u>51,781</u>
Cash at End of Year	<u><u>\$ 178,369</u></u>

The Organization did not make interest or tax payments in 2013.

See accompanying notes and independent auditors' report.

**FOCUSING PHILANTHROPY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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 their 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.

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.

See independent auditors’ report.

FOCUSING PHILANTHROPY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Income Taxes

The Organization is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3) and exempt from California income taxes. Consequently, no provision for income taxes is reflected in the financial statements.

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.

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.

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 \$5,091 for the year ended December 31, 2013.

2. Concentrations

Financial instruments that potentially subject the Organization to concentrations of credit risk include cash balances. The Organization maintains their 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. At the reporting date, the Organization did not have cash in excess of the insured limits.

Concentrations for contributions received arise because 61% of the Organization's contributions received came from three donors for the year ended December 31, 2013.

See independent auditors' report.

**FOCUSING PHILANTHROPY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

3. Temporarily Restricted Net Assets

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. Purpose restrictions accomplished in 2013 totaled \$1,715,739. As of December 31, 2013, the balance of temporarily restricted net assets totaled \$189,412.

4. Property and Equipment

At December 31, 2013, property and equipment consisted of the following:

Office Equipment and Furniture	\$	4,613
Less: Accumulated Depreciation		<u>(428)</u>
	\$	<u>4,185</u>

Depreciation expense totaled \$428 for the year ended December 31, 2013.

5. Related Party Transactions

The Organization received contributions totaling \$1,120,875 from the chairman of the board, two other board members, and staff for the year ended December 31, 2013.

The Organization received a contribution of \$190,000 from Hope Renew's for the year ended December 31, 2013. Hope Renew's is an organization founded by the spouse of the chairman of the board.

The Organization receives pro bono legal services from the law firm of Kirkland and Ellis, LLP. A partner of the law firm is also a member of the board. The Organization received contributed legal services of \$5,091 for the year ended December 31, 2013.

6. Subsequent Events

Subsequent events were evaluated by management through August 1, 2014, which is the date the financial statements were available to be issued.

See independent auditors' report.