

THE POTTER'S HANDS FOUNDATION, INC.

ELMIRA, NEW YORK

REVIEWED FINANCIAL STATEMENTS

AND

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

DECEMBER 31, 2015



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
The Potter's Hands Foundation, Inc.

We have reviewed the accompanying financial statements of The Potter's Hands Foundation, Inc., which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company 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 AICPA. 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.

Mengel, Metzger, Barr & Co. LLP

Elmira, New York
October 11, 2016

THE POTTER'S HANDS FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

ASSETS

CURRENT ASSETS

Cash	\$ 15,915
Money market funds	231,674
	TOTAL CURRENT ASSETS 247,589

PROPERTY AND EQUIPMENT

Land	17,000
Construction in progress	14,673
	31,673
	\$ 279,262

NET ASSETS

<u>NET ASSETS</u> - Unrestricted	\$ <u>279,262</u>
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See independent accountant's review report and accompanying notes
which are an integral part of the financial statements.

THE POTTER'S HANDS FOUNDATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2015

Public support:		
Contributions	\$ 177,719	
Grants	83,000	
In-kind donations	17,000	
	<u>277,719</u>	
Revenue:		
Interest income	282	
	<u>TOTAL PUBLIC SUPPORT AND REVENUE</u>	278,001
Expenses:		
General and administrative:		
Insurance	1,001	
Professional fees	1,541	
Office supplies and postage	1,998	
E-giving fees	451	
Website	291	
Auto and transportation	151	
Training	340	
Sundry	643	
	<u>6,416</u>	
Fund raising expenses	11,368	
	<u>TOTAL EXPENSES</u>	17,784
	CHANGE IN NET ASSETS	260,217
Net assets at beginning of year	<u>19,045</u>	
	<u>NET ASSETS AT END OF YEAR</u>	<u>\$ 279,262</u>

See independent accountant's review report and accompanying notes
which are an integral part of the financial statements.

THE POTTER'S HANDS FOUNDATION, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

CASH FLOWS - OPERATING ACTIVITIES

Change in net assets	\$ 260,217
Adjustments to reconcile change in net assets to net cash provided from operating activities:	
In-kind donation of property	(17,000)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u>243,217</u>

CASH FLOWS - INVESTING ACTIVITY

Purchase of property and equipment	<u>(14,673)</u>
	NET CASH USED FOR INVESTING ACTIVITY
	<u>(14,673)</u>
	NET INCREASE IN CASH
Cash at beginning of year	<u>228,544</u>
	19,045
	CASH AT END OF YEAR
	<u>\$ 247,589</u>

See independent accountant's review report and accompanying notes which are an integral part of the financial statements.

THE POTTER'S HANDS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
(See Independent Accountant's Review Report)

DECEMBER 31, 2015

NOTE A: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The Potter's Hands Foundation, Inc. (the "Foundation") is a non-profit organization incorporated on October 15, 2013 with a mission to help females who have been involved in abusive situations to find wholeness, healing and a sense of self-worth while providing them a place to grow, heal and be free from the cruelty they have endured. The Foundation will provide a residential safe house environment at no cost to victims of severe sexual exploitation and human trafficking. The Foundation is funded primarily through individual donors and grants from churches and other non-profit organizations.

Financial statement presentation

The Foundation reports information regarding its financial position, activities, and cash flows according to three classes of net assets: permanently restricted, temporarily restricted and unrestricted. The Foundation has no temporarily or permanently restricted net assets at December 31, 2015.

Cash and money market funds

Cash and money market funds are considered to be cash equivalents. Cash balances are maintained at a financial institution located in Upstate New York and are insured up to \$250,000. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Foundation has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash.

Property and equipment

Property and equipment donated to the Foundation are recorded at the estimated fair value at the date of donation. Purchased property and equipment are stated on the basis of cost. Once assets have been placed in service, depreciation is computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives. Expenditures for renewals and betterments are capitalized, while expenditures for repairs and maintenance are charged to operations as incurred.

Public support and revenue

Contributions are generally available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

In-kind contributions

In-kind contributions, are recorded at their fair value as of the date received. Contributed services are recognized as in-kind contributions if the services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Contributed services are recorded at the fair value of the services provided. Volunteer services that do not meet the above criteria are not recognized as revenue and are not reported in the accompanying financial statements.

THE POTTER'S HANDS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS, Cont'd
(See Independent Accountant's Review Report)

DECEMBER 31, 2015

NOTE A: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,

Cont'd

Income taxes

The Foundation is a not-for-profit organization exempt from federal and state income taxation under Section 501(c)(3) of the Internal Revenue Code. The Foundation has filed for and received income tax exemptions in the various jurisdictions where it is required to do so. The Foundation files Form 990 tax returns in the U.S. federal jurisdiction and in New York State.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of public support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events

The Foundation has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 11, 2016, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.