

THE POTTER'S HANDS FOUNDATION, INC.

FINANCIAL STATEMENTS

For The Year Ended December 31, 2016

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Raymond F. Wager, CPA, P.C.
Certified Public Accountants

Shareholders:

Raymond F. Wager, CPA
Thomas J. Lauffer, CPA
Thomas C. Zuber, CPA

Members of
American Institute of
Certified Public Accountants
and
New York State Society of
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Independent Accountant's Review Report

To the 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, 2016 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. 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

The Foundation's 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.

Supplementary Information

Supplemental Schedule #1 is presented for purposes of additional analysis and is not a required part of the financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.



May 19, 2017

THE POTTER'S HANDS FOUNDATION, INC.**Statement of Financial Position****December 31, 2016****ASSETS:**

Cash and cash equivalents	\$	33,331
Money market funds		233,943
Land		17,000
Land improvements		12,547
Work in progress		387,423
TOTAL ASSETS	\$	684,244

LIABILITIES:

Accrued liabilities	\$	1,524
TOTAL LIABILITIES	\$	1,524

NET ASSETS:

Investment in general fixed assets	\$	416,970
Unrestricted		265,750
TOTAL NET ASSETS	\$	682,720

THE POTTER'S HANDS FOUNDATION, INC.**Statement of Activities****For Year Ended December 31, 2016**

<u>REVENUES:</u>	<u>Unrestricted</u>
Unrestricted revenues and gains fundraising, net of costs \$23,898	\$ 55,295
Contributions	246,639
Grants	67,214
Donated building materials	101,031
Interest income	752
TOTAL REVENUES	<u>\$ 470,931</u>
<u>EXPENSES:</u>	
Program services	\$ 26,621
Management and general	23,916
Fundraising	16,936
TOTAL EXPENSES	<u>\$ 67,473</u>
CHANGE IN NET ASSETS	\$ 403,458
NET ASSETS, BEGINNING OF YEAR	<u>279,262</u>
NET ASSETS, ENDING OF YEAR	<u>\$ 682,720</u>

(See accompanying notes to the financial statements)

THE POTTER'S HANDS FOUNDATION, INC.

Statement of Cash Flows

For Year Ended December 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase (decrease) in net assets	\$ 403,458
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Adjustments to reconcile change in net assets to net cash
provided (used) by operating activities -

Increase in payroll tax liability	1,524
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Donated building materials	<u>(101,031)</u>
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Net Cash Provided (Used) by Operating Activities	<u>\$ 303,951</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

Additions to property and equipment	<u>\$ (284,266)</u>
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Net Cash Provided (Used) by Investing Activities	<u>\$ (284,266)</u>
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NET INCREASE (DECREASE) IN CASH	\$ 19,685
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CASH, BEGINNING OF YEAR	<u>247,589</u>
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CASH, ENDING OF YEAR	<u><u>\$ 267,274</u></u>
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THE POTTER'S HANDS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(Note 1) **Organization and Summary of Significant Accounting Policies:**

A. Organization

The Potter's Hands Foundation, Inc. (the Foundation) is a not-for-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.

B. Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

C. Tax Status

The Foundation qualifies as a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code, and therefore, has no provision for federal income taxes.

D. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, the Foundation considers as cash all accounts, including those subject to withdrawal or use restrictions. The Foundation's cash, at times, could exceed federally insured limits. The Foundation has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk with respect to its cash.

E. 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.

F. 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 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.

G. 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 a donation. Contributed services are recorded at 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.

H. Use of Estimates

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.

I. Net Assets

The Foundation maintains three types of net assets as follows:

Unrestricted – includes unrestricted resources which represent the portion of expendable funds that are available for the support of Foundation operations.

Temporarily Restricted – represents resources or net assets with donor-imposed restrictions with the stipulation that they may be used for a particular purpose, an investment for a specified term, used in a specified future period, or to acquire long-lived assets. As of December 31, 2016 the Foundation does not have any temporarily restricted net assets.

(Note 1) (Continued)

Permanently Restricted – represents resources or assets that are subject to donor-imposed restrictions with the stipulation that they be used for some specific purposes, be preserved, and not be sold, or assets which are invested to provide a permanent source of income. As of December 31, 2016 the Foundation does not have any permanently restricted net assets

(Note 2) Building Improvements and Equipment:

Building improvements and equipment consisted of the following as of December 31:

	<u>2015</u>	<u>Additions</u>	<u>2016</u>
Land	\$ 17,000	\$ -	\$ 17,000
Land Improvements	-	12,547	12,547
Work in Progress	14,673	372,750	387,423
Total	<u>\$ 31,673</u>	<u>\$ 385,297</u>	<u>\$ 416,970</u>

(Note 3) Evaluation of Subsequent Events:

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is May 19, 2017. No such events or transactions were noted.

THE POTTER'S HANDS FOUNDATION, INC.
Statement of Functional Expenses
For Year Ended December 31, 2016

<u>EXPENSES</u>	2016			
	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 18,800	\$ 14,100	\$ 14,100	\$ 47,000
Payroll taxes	1,806	1,355	1,355	4,516
	\$ 20,606	\$ 15,455	\$ 15,455	\$ 51,516
Insurance	-	2,771	-	2,771
Advertising	894	298	-	1,192
Payroll service fees	395	297	296	988
Payroll expenses	50	37	38	125
Professional fees	-	3,500	-	3,500
Office supplies and postage	2,736	911	-	3,647
E-giving fees	-	-	1,147	1,147
Auto and transportation	97	32	-	129
Taxes and licenses	454	151	-	605
Utilities	797	266	-	1,063
Sundry	592	198	-	790
TOTAL FUNCTIONAL EXPENSES	\$ 26,621	\$ 23,916	\$ 16,936	\$ 67,473