

**SHINE
HUMANITY**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Shine Humanity

I have audited the accompanying financial statements of Shine Humanity (a nonprofit organization) which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 auditor's judgment, including the assessment of the risks 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



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Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shine Humanity as of December 31, 2020, 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.

A handwritten signature in black ink that reads 'Troy Yoshida'.

Troy Yoshida CPA, Inc.
Cypress, CA
July 15, 2021

**SHINE HUMANITY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020**

	Total
ASSETS	
CURRENT ASSETS:	
Cash	\$ 488,379
Prepaid Expense	450
TOTAL CURRENT ASSETS	488,829
OTHER ASSETS:	
Deposits	324
TOTAL OTHER ASSETS	324
TOTAL ASSETS	\$ 489,153
LIABILITIES & NET ASSETS	
CURRENT LIABILITIES:	
Accounts Payable	\$ 35,676
Payroll Taxes Payable	1,124
TOTAL CURRENT LIABILITIES	36,800
NET ASSETS:	
Without donor restrictions	399,636
With donor restrictions	52,717
TOTAL NET ASSETS	452,353
TOTAL LIABILITIES & NET ASSETS	\$ 489,153

**SHINE HUMANITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Without donor restrictions	With donor restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUES AND OTHER SUPPORT			
Contributions	\$ 266,190	500	266,690
Fundraisers	235,691	-	235,691
Interest Income	252	-	252
Net Assets Released from Restriction	<u>47,874</u>	<u>(47,874)</u>	<u>-</u>
 TOTAL REVENUES AND OTHER SUPPORT	 550,007	 (47,374)	 502,633
 EXPENSES			
Program Expenses	\$ 285,541	-	285,541
Management and General	40,711	-	40,711
Fundraising	<u>49,077</u>	<u>-</u>	<u>49,077</u>
TOTAL EXPENSES	375,329	-	375,329
 CHANGE IN NET ASSETS	 \$ 174,678	 \$ (47,374)	 \$ 127,304
 NET ASSETS AT BEGINNING OF YEAR	 <u>\$ 224,958</u>	 <u>100,091</u>	 <u>325,049</u>
 NET ASSETS AT END OF YEAR	 <u><u>\$ 399,636</u></u>	 <u><u>\$ 52,717</u></u>	 <u><u>\$ 452,353</u></u>

**SHINE HUMANITY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services	Management and General	Fundraising	Total
Grants	\$ 217,234	\$ -	\$ -	\$ 217,234
Program Expenses	50,058	-	-	50,058
Bank Fees	-	3,942	-	3,942
Computer Expense	-	3,997	-	3,997
Fundraising Expenses				
Contracted Services	-	-	2,400	2,400
Equipment Rental	-	-	2,100	2,100
Facility Rental & Expense	-	-	23,108	23,108
Insurance	-	3,074	-	3,074
Miscellaneous	-	208	-	208
Office Expense	-	1,500	-	1,500
Payroll	16,654	16,654	16,655	49,963
Payroll Taxes	1,482	1,482	1,481	4,445
Permits & Fees	-	114	-	114
Postage & Delivery	-	189	-	189
Printing	-	-	386	386
Professional Fees	-	5,100	472	5,572
Rent	-	2,475	2,475	4,950
Supplies	-	1,006	-	1,006
Telephone	-	970	-	970
Travel	113	-	-	113
TOTAL EXPENSES	\$ 285,541	\$ 40,711	\$ 49,077	\$ 375,329

**SHINE HUMANITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 127,304
Adjustments to Reconcile Change in Net Assets	
To Net Cash Provided by Operating Activities:	
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Prepaid Expense	2,200
Increase (Decrease) in Accounts Payable	35,676
Increase (Decrease) in Payroll Taxes Payable	<u>(1)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	165,179
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	165,179
BEGINNING CASH AND CASH EQUIVALENTS	<u>\$ 323,200</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 488,379</u></u>

SHINE HUMANITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies

Nature of Organization

SHINE Humanity provides humanitarian, medical and disaster relief assistance to global communities in need, specifically Pakistan; while establishing long term medical solutions. The Organization's support comes entirely from donor contributions.

Basis of Presentation

Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

With donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. This also includes net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Use of Estimates and Assumptions

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months.

SHINE HUMANITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies – (Continued)

Concentration of Credit Risk

The Organization occasionally maintains deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Revenue Recognition

The Organization receives a significant majority of its revenues from donor contributions and fundraising events and is recognized on the accrual basis of accounting. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Costs have been allocated among the programs and supporting services benefited. Payroll and payroll taxes have been allocated equally between each functional category. Other costs are classified in each functional category based on the underlying purpose of each transaction.

Income Taxes

The Organization is a not-for-profit organization, as described in Section 501(c)(3) of the Internal Revenue Code and corresponding state law. Accordingly, the Organization is exempt from federal and state income taxes. The Organization has taken no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events through July 15, 2021, the date on which the financial statements were available to be issued. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

SHINE HUMANITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. Cash & Cash Equivalents

The total cash held by the Organization at December 31, 2020 totaled \$488,379 maintained in several accounts. The bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account.

3. Liquidity and Availability

Financial assets held by the Organization at December 31, 2020 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized as follows:

Financial Assets at Year End:	
Cash	\$ <u>488,379</u>
Total Financial Assets at Year End	488,379
Less Amounts Not Available to Be Used Within One Year:	
Net Assets with Donor Restriction	<u>(52,717)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 435,662</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has endowment funds of \$4,600 as of December 31, 2020. See Note 7 below for authorized uses of its endowment funds.

4. Lease Obligations

The Organization leases office space at a rate of \$450 per month under a month to month operating lease.

5. Contributed Services

A number of unpaid volunteers have made significant contributions to the different Organization program services. The value of these contributions is not reflected in these statements since they do not meet the criteria for recognition as contributed services.

**SHINE HUMANITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

6. Net Assets with Donor Restrictions

Net Assets with donor restrictions are available for the following purposes at December 31, 2020:

Paani Project	\$ 48,117
Endowment Fund	<u>4,600</u>
Total	\$ 52,717

The Paani Project is a project to provide solar powered distilled drinking water in various locations in Pakistan.

7. Endowment Fund

The Organization's endowment fund was established in December 2019 and currently consists of cash. All endowment funds are donor restricted.

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, December 31, 2019	-	4,100	4,100
Contributions	-	500	500
Investment Return	-	-	-
Appropriation of Endowment Assets for Expenditure	-	-	-
Endowment Net Assets, December 31, 2020	-	4,600	4,600

The endowment fund was established to fund future program expenses provided by the Organization. The fund's objective is to invest primarily in mutual funds and exchange traded funds, but may also invest up to 20% in publicly traded securities. Once the fund reaches \$100,000, up to 5% of the year end balance may be used to fund operations in the following year. The Board may authorize use of additional funds under extraordinarily adverse financial conditions, where the Organization's operating cash is below two months average operating expense. It is the intention to maintain the endowment fund in perpetuity, but in the event of unforeseen circumstances, the Board may terminate the fund by majority vote, and all funds will be consolidated into the operating accounts.