

**SHINE
HUMANITY**

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018



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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, 2018, 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.

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.

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, 2018, 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.



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To the Board of Directors of
Shine Humanity

Other Matter

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 6 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Troy Yoshida CPA, Inc.
Cypress, CA
July 20, 2019

**SHINE HUMANITY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

| | Total |
|---|-------------------|
| ASSETS | |
| CURRENT ASSETS: | |
| Cash | \$ 301,775 |
| Prepaid Expense | 5,474 |
| TOTAL CURRENT ASSETS | 307,249 |
| OTHER ASSETS: | |
| Deposits | 324 |
| TOTAL OTHER ASSETS | 324 |
| TOTAL ASSETS | \$ 307,573 |
| LIABILITIES & NET ASSETS | |
| CURRENT LIABILITIES: | |
| Payroll Taxes Payable | \$ 848 |
| TOTAL CURRENT LIABILITIES | 848 |
| NET ASSETS: | |
| Without donor restrictions | 210,734 |
| With donor restrictions | 95,991 |
| TOTAL NET ASSETS | 306,725 |
| TOTAL LIABILITIES & NET ASSETS | \$ 307,573 |

**SHINE HUMANITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Without donor restrictions | With donor restrictions | Total |
|--|----------------------------------|-----------------------------|------------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| REVENUES AND OTHER SUPPORT | | | |
| Contributions | \$ 197,523 | - | 197,523 |
| Fundraisers | 200,736 | - | 200,736 |
| Interest Income | 214 | - | 214 |
| Net Assets Released from Restriction | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL REVENUES AND OTHER SUPPORT | 398,473 | - | 398,473 |
| EXPENSES | | | |
| Program Expenses | \$ 237,820 | - | 237,820 |
| Management and General | 31,596 | - | 31,596 |
| Fundraising | 45,457 | - | 45,457 |
| TOTAL EXPENSES | <u>314,873</u> | <u> </u> | <u>314,873</u> |
| CHANGE IN NET ASSETS | \$ 83,600 | \$ - | \$ 83,600 |
| NET ASSETS AT BEGINNING OF YEAR | <u>\$ 127,134</u> | <u>95,991</u> | <u>223,125</u> |
| NET ASSETS AT END OF YEAR | <u><u>\$ 210,734</u></u> | <u><u>\$ 95,991</u></u> | <u><u>\$ 306,725</u></u> |

**SHINE HUMANITY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Program Services | Management and General | Fundraising | Total |
|---------------------------|---------------------|---------------------------|------------------|-------------------|
| Grants | \$ 225,200 | \$ - | \$ - | \$ 225,200 |
| Program Expenses | 3,397 | - | - | 3,397 |
| Bank Fees | - | 2,711 | - | 2,711 |
| Computer Expense | - | 3,383 | - | 3,383 |
| Fundraising Expenses | | | | |
| Contracted Services | - | - | 6,614 | 6,614 |
| Equipment Rental | - | - | 3,350 | 3,350 |
| Facility Rental & Expense | - | - | 24,766 | 24,766 |
| Insurance | - | 2,263 | - | 2,263 |
| Miscellaneous | - | 2,001 | - | 2,001 |
| Office Expense | - | 407 | - | 407 |
| Payroll | 7,309 | 7,309 | 7,310 | 21,928 |
| Payroll Taxes | 636 | 636 | 635 | 1,907 |
| Permits & Fees | - | 267 | - | 267 |
| Postage & Delivery | - | 513 | - | 513 |
| Printing | - | - | 263 | 263 |
| Professional Fees | - | 8,200 | 575 | 8,775 |
| Rent | - | 1,944 | 1,944 | 3,888 |
| Supplies | - | 705 | - | 705 |
| Telephone | - | 1,257 | - | 1,257 |
| Travel | 1,278 | - | - | 1,278 |
| TOTAL EXPENSES | \$ 237,820 | \$ 31,596 | \$ 45,457 | \$ 314,873 |

**SHINE HUMANITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | |
|---|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in Net Assets | \$ 83,600 |
| 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 | - |
| (Increase) Decrease in Deposits | - |
| Increase (Decrease) in Accounts Payable | - |
| Increase (Decrease) in Payroll Taxes Payable | <u>10</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 83,610 |
| NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS | 83,610 |
| BEGINNING CASH AND CASH EQUIVALENTS | <u>\$ 218,165</u> |
| ENDING CASH AND CASH EQUIVALENTS | <u><u>\$ 301,775</u></u> |

SHINE HUMANITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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.

Without 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, 2018

1. Summary of Significant Accounting Policies – (Continued)

Concentration of Credit Risk

The Organization occasionally maintains deposits in excess of federally insured limits. Statement of Financial Accounting Standards No. 105 identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. 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 Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 events and transactions that occurred after the balance sheet date for potential recognition and disclosure through July 20, 2019, the date which the financial statements were available to be issued. No events or transactions were identified that require disclosure in the financial statements.

SHINE HUMANITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. Summary of Significant Accounting Policies – (Continued)

New Accounting Pronouncements

The requirements of Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). ASU 2016-14 (1) reduces the number of net asset classes presented from three to two; (2) requires the presentation of expenses by functional and natural classification in one location; and (3) requires quantitative and qualitative disclosures about liquidity and availability of financial assets. The Organization implemented its provisions during fiscal year 2018 on a retrospective basis. As a result, 2017 net assets classified as temporarily restricted net assets prior to the adoption of ASU 2016-14 have been reclassified as net assets with donor restrictions. 2017 net assets classified as unrestricted net assets have been reclassified as net assets without donor restrictions. These reclassifications had no effect on the reported results of operations.

2. Cash & Cash Equivalents

The total cash held by the Organization at December 31, 2018 totaled \$301,775 maintained in several accounts. The bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account.

3. Lease Obligations

The Organization leases office space at a rate of \$324 per month under a month to month operating lease.

4. 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.

5. Net Assets with Donor Restrictions

Net Assets with donor restrictions at December 31, 2018 totaled \$95,991 and consist of donations restricted for use on the Paani Project, which is a project to provide solar powered distilled drinking water in various locations in Pakistan.