

Cheryl Rohlf & Associates, Ltd.

Certified Public Accountants

MAESTRO CARES FOUNDATION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2015**

WITH

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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Cheryl Rohlf & Associates, Ltd.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

May 24, 2016

To the Board of Directors of
Maestro Cares Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Maestro Cares Foundation (an Illinois nonprofit organization), which comprise the statement of financial position, as of December 31, 2015, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits 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 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, 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 that 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 Maestro Cares Foundation as of December 31, 2015, 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.

Cheryl Rohlfs & Associates, Ltd.

CHERYL ROHLFS & ASSOCIATES, LTD.
Northbrook, Illinois

**MAESTRO CARES FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015**

ASSETS

Cash	\$ 2,050,625
Unconditional Promises to Give	190,494
Prepaid Expenses	77,181
Property and Equipment:	
Office Equipment	15,488
Less: Accumulated Depreciation	<u>(6,658)</u>
Total Property and Equipment	<u>8,830</u>
Total Assets	<u>\$ 2,327,130</u>

LIABILITIES AND NET ASSETS

Accounts Payable and Accrued Expenses	\$ 158,309
Deferred Revenue	<u>364,000</u>
Total Liabilities	<u>522,309</u>
Net Assets	
Unrestricted	<u>1,804,821</u>
Total Liabilities and Net Assets	<u>\$ 2,327,130</u>

**MAESTRO CARES FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

UNRESTRICTED NET ASSETS:**Unrestricted Revenues:**

Contributions and Grants	\$ 310,074
Fundraising and Special Event	2,240,823
In-kind Contributions	220,369
Miscellaneous Income	<u>14,050</u>
Total Unrestricted Revenues and Gains	2,785,316

Net Assets Released From Restrictions, Satisfied by Payments	<u>50,000</u>
Total Unrestricted Revenues, Gains and Other Support	<u>2,835,316</u>

Expenses:

Program Services	1,208,960
Supporting Services:	
Management and General	345,170
Fundraising	<u>448,266</u>
Total Expenses	<u>2,002,396</u>

Gains on Exchange of Foreign Currencies	<u>1,814</u>
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INCREASE IN UNRESTRICTED NET ASSETS	<u>\$ 834,734</u>
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TEMPORARILY RESTRICTED NET ASSETS:

Net Assets Released From Restrictions, Satisfied by Payments	<u>\$ (50,000)</u>
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DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>\$ (50,000)</u>
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INCREASE IN NET ASSETS	\$ 784,734
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NET ASSETS, BEGINNING OF YEAR	<u>1,020,087</u>
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NET ASSETS, END OF YEAR	<u>\$ 1,804,821</u>
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See accompanying notes and independent auditor's report.

MAESTRO CARES FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and Related Expenses:				
Salaries	\$ 82,672	\$ 55,697	\$ 56,714	\$ 195,083
Payroll Taxes	7,816	5,848	5,361	19,025
Employee Benefits	4,468	2,948	3,063	10,479
	<u>\$ 94,956</u>	<u>\$ 64,493</u>	<u>\$ 65,138</u>	<u>\$ 224,587</u>
Program and Service Grants	963,846	-	-	963,846
Contributions	39,034	-	86	39,120
Marketing	-	109,899	1,582	111,481
Outside Contract Services	70,430	29,764	123,805	223,999
Rentals and Production Services	8,822	-	176,744	185,566
Bank and Credit Card Fees	274	9,558	4,660	14,492
Administrative Expenses	-	28,546	-	28,546
Postage and Shipping	946	528	11,584	13,058
Printing and Reproduction	1,857	4,832	5,427	12,116
Insurance	607	1,711	619	2,937
Professional Fees	-	52,181	-	52,181
Supplies, Subscriptions and Reference Materials	846	5,923	1,188	7,957
Technology and Website	-	22,687	-	22,687
Travel, Meals and Lodging	25,870	8,122	48,497	82,489
Miscellaneous Event and Business Expenses	1,472	2,792	8,936	13,200
Total Expenses Before Depreciation	<u>\$ 1,208,960</u>	<u>\$ 341,036</u>	<u>\$ 448,266</u>	<u>\$ 1,998,262</u>
Depreciation	-	4,134	-	4,134
TOTAL EXPENSES	<u><u>\$ 1,208,960</u></u>	<u><u>\$ 345,170</u></u>	<u><u>\$ 448,266</u></u>	<u><u>\$ 2,002,396</u></u>

See accompanying notes and independent auditor's report.

**MAESTRO CARES FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in Net Assets	\$ 784,734
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	4,134
(Increase) Decrease in Operating Assets:	
Unconditional Promises to Give	(74,605)
Prepaid Expenses	(12,788)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable and Accrued Expenses	99,829
Deferred Revenue	<u>254,000</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 1,055,304

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of Office Equipment	<u>\$ (2,867)</u>
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NET CASH USED BY INVESTING ACTIVITIES \$ (2,867)

CASH FLOWS FROM FINANCING ACTIVITIES

\$ -

NET INCREASE IN CASH \$ 1,052,437

CASH, BEGINNING OF YEAR

998,188

CASH, END OF YEAR

\$ 2,050,625

**MAESTRO CARES FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Maestro Cares Foundation (the Organization) is a non-profit organization incorporated in 2011 in the State of Illinois, with its headquarters in Chicago, Illinois. The Organization's mission is to improve the quality of life of orphaned children in Latin America by creating healthy and safe environments for them to live, learn and play. The Organization obtains funding from the general public for their projects from special event ticket sales and sponsorships, fundraising events, and individual and corporate donations.

In keeping with its mission, the Organization initiated its first project in 2012, by funding the construction of dormitories, classrooms, kitchen, dining hall, common area, clinic and recreational facilities in a campus style environment, owned and operated by Fundacion Ninos y Ninas de Cristo (Funicris) located in the Dominican Republic.

Since, the Organization has extended its projects to underwrite and partner on construction of similar facilities, including an orphanage and school in Columbia, a home for boys in Puerto Rico, and future facilities in Bolivia and Mexico. The Foundation records grant awards as expenses and liabilities when all contractual terms and agreements have been met. As of December 31, 2015, Maestro Cares Foundation had future conditional promises to give of \$720,852, which are not recorded in the financial statements. By June 2016, \$69,852 had been paid toward these grants, as the conditions were met.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization did not report any temporarily or permanently restricted net assets as of December 31, 2015.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Property and Equipment

It is the Organization's policy to capitalize property and equipment purchases of more than \$2,500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations for property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Office equipment is depreciated using the straight-line method over the useful lives of the assets of five to ten years.

Deferred Revenue

Deferred revenue represents sponsorships and related revenues received for a special event that will take place in February 2016.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Expense Allocations

The costs of providing program and supporting services have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, costs have been allocated between the Organization's program and the supporting services in a direct functional method, when applicable, and on the basis of proportional use of the service provided.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

For the year 2015, the estimated fair value of the donated facilities and services was quantified by Cardenas Marketing Network, providing office space and services to the Organization. These donated facilities and services were recorded in the Statement of Activities and were valued at \$206,347.

2. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash at two financial institutions. These accounts are fully insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2015, the Organization exceeded the insured amount at one of its banking institutions by \$1,796,680.

3. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 24, 2016, the date which the financial statements were available to be issued.