

## MAESTRO CARES NFP

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## Independent Auditor's Report

To the Board of Directors of  
Maestro Cares NFP

We have audited the accompanying statements of financial position of Maestro Cares NFP (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014 and the related statements of activities and change in net assets, 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 audit 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 of 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 judgement, 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 NFP as of December 31, 2014, and the change 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.

## **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Maestro Cares, NFP's basic financial statements. The accompanying supplementary information as listed in the Contents as Exhibit E is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Gerald Bauman & Company

March 2, 2015

**MAESTRO CARES NFP**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2014**

**ASSETS**

## CURRENT ASSETS

Cash	\$ 998,188	
Contributions Receivable	115,889	
Prepaid Expenses	<u>64,393</u>	
Total Current Assets		\$ 1,178,470

## PROPERTY AND EQUIPMENT

Equipment	\$ 12,621	
Less: Accumulated Depreciation	<u>(2,524)</u>	
Net Property and Equipment		<u>10,097</u>

**TOTAL ASSETS****\$ 1,188,567****LIABILITIES AND NET ASSETS**

## CURRENT LIABILITIES

Accounts Payable	\$ 58,480
Deferred Revenue	<u>110,000</u>

**TOTAL LIABILITIES**

168,480

**NET ASSETS**

Unrestricted	\$ 970,087	
Temporarily Restricted	<u>50,000</u>	
Total Net Assets		<u>1,020,087</u>

**TOTAL LIABILITIES AND NET ASSETS****\$ 1,188,567**

*See accompanying notes to financial statements*



**MAESTRO CARES NFP**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE</b>			
Public Support	\$ 1,673,963	\$ 50,000	\$1,723,963
Other	8,342	-	8,342
<b>Total revenue</b>	<u>\$ 1,682,305</u>	<u>\$ 50,000</u>	<u>\$ 1,732,305</u>
 <b>EXPENSES</b>			
Program Services	<u>\$ 477,777</u>	<u>\$ -</u>	<u>\$ 477,777</u>
Supporting services:			
General and administrative	\$ 234,800	\$ -	\$ 234,800
Fundraising	313,639	-	313,639
Total supporting services	<u>\$ 548,439</u>	<u>\$ -</u>	<u>\$ 548,439</u>
Total expenses	<u>1,026,216</u>	<u>-</u>	<u>1,026,216</u>
Change in net assets before other item	\$ 656,089	\$ 50,000	\$ 706,089
 <b>OTHER ITEM</b>			
Loss on currency translation	<u>(469)</u>	<u>-</u>	<u>(469)</u>
Change in net assets	\$ 655,620	50,000	\$ 705,620
Net assets at beginning of year	<u>314,467</u>	<u>-</u>	<u>314,467</u>
Net assets at end of year	<u><u>\$ 970,087</u></u>	<u><u>\$ 50,000</u></u>	<u><u>\$ 1,020,087</u></u>

*See accompanying notes to financial statements*

**MAESTRO CARES NFP**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries & Wages	\$ -	\$ 127,146	\$ -	\$127,146
Payroll Taxes	-	14,835	-	\$14,835
Security	4,323	-	-	\$4,323
Contractors	210,107	77,259	77,886	365,252
Architectural Drawings	25,000	-	-	25,000
Supplies	38,776	-	1,640	40,416
Amenity Facilities	70,637	-	-	70,637
Professional Fees	14,075	13,036	-	27,111
Bank Fees	33,344	-	24,783	58,127
Postage & Shipping	9,084	-	3,861	12,945
Travel	20,196	-	130,748	150,944
Venue Rental	-	-	52,310	52,310
Promotions	42,704	-	10,102	52,806
Donations	-	-	8,928	8,928
Depreciation	-	2,524	-	2,524
Miscellaneous	9,531	-	3,381	12,912
<b>Total Functional Expenses</b>	<b><u>\$ 477,777</u></b>	<b><u>\$ 234,800</u></b>	<b><u>\$ 313,639</u></b>	<b><u>\$ 1,026,216</u></b>

*See accompanying notes to financial statements*

**MAESTRO CARES NFP  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 705,620
Adjustments to Reconcile Change in Net Assets (Loss) to Net Cash Provided by Operating activities:	
Depreciation and Amortization	2,524
Unconditional promises to give receivable	(115,889)
Accounts Payable	8,732
Prepaid Expenses	(64,393)
Accrued Liabilities	<u>110,000</u>
Total Adjustments	<u>(59,026)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 646,594</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Capital Expenditures	<u>\$ (12,621)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	(12,621)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 633,973
BEGINNING CASH AND CASH EQUIVALENTS	<u>364,215</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 998,188</u></u>

*See accompanying notes to financial statements*

**MAESTRO CARES NFP**  
**STATEMENT OF ACTIVITIES BY PROGRAM**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Total Revenue</u>	<u>Total Expenses</u>	<u>Net</u>
Gala	\$806,100	\$182,543	\$623,557
Tickets	567,684	56,765	510,919
General Fundraising	107,281	74,330	32,951
Dominican Republic	68,140	333,569	(265,429)
Colombia	150,000	124,563	25,437
Mexico	-	17,595	(17,595)
Peru	33,100	-	33,100
Puerto Rico	-	2,520	(2,520)
Management and General	-	234,800	(234,800)
<b>Total Revenue &amp; Expenses by Program</b>	<u>\$ 1,732,305</u>	<u>\$ 1,026,685</u>	<u>\$ 705,620</u>

*See accompanying notes to financial statements.*



**MAESTRO CARES NFP**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Maestro Cares, NFP (the Organization) is a non-profit organization incorporated in 2011 in the State of Illinois and with its headquarters in Chicago, Illinois. Its mission is to improve the quality of life of under privileged children in Latin America by funding the building of orphanages and schools. In keeping with its mission, the Organization initiated its first project in 2012. The project consisted of funding the construction of a group of buildings consisting of dormitories, classrooms, kitchen, dining hall, common area, clinic and recreational facilities in a campus style environment which is owned and operated by Fundación Niños y Niñas de Cristo (Funicris) located in La Romana, Dominican Republic. The Organization obtains funding from the general public for this purpose from special event ticket sales donated by third parties, fund raising events, individual and corporate donations. The Organization is extending its funding activities to underwrite construction of similar facilities in various Latin American countries.

Basis of presentation

The accompanying financial statements are presented on the accrual basis of accounting and in accordance with Financial Accounting Standards Board (FASB) pronouncement ASC 958, Not-for-Profit Entities.

Cash

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. Maestro Cares NFP maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in this situation to be minimal.

Maestro Cares NFP has cash held in the Dominican Republic. These funds are uninsured.

Contributions receivable

Contributions receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, no allowance for doubtful accounts has been allocated. As of December 31, 2014 no contributions were due in more than one year and are recorded at their present value.

Prepaid expenses

The balance in this account consists of the remaining portions of consulting contracts applicable to 2015.

#### Fixed assets

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight line basis over the estimated useful lives of the related assets, generally three to ten years.

#### Income taxes

Maestro Cares NFP is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes had been made in the accompanying financial statements. Maestro Cares NFP is not a private foundation.

#### Uncertain tax positions

For the year ended December 31, 2014 Maestro Cares NFP has documented its consideration of FASB ASC 740-10, Income Taxes, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

The Federal Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

#### Deferred revenue

Maestro Cares NFP has adopted the policy of classifying contributions designated by donors for Maestro Cares NFP 2015 annual gala as deferred revenue.

#### Net asset classification

Maestro Cares NFP considers reporting net assets in three self-balancing groups as follows:

- Unrestricted net assets include unrestricted revenue and contributions received without donor imposed restrictions. These net assets are available for the operation of Maestro Cares NFP and include both internally designated and undesignated resources.
- Temporarily restricted net assets include revenue and contributions subject to donor imposed stipulations that will be met by the actions of Maestro Cares NFP and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.
- Permanently restricted net assets represent funds restricted by the donor to be maintained in-perpetuity by Maestro Cares NFP. As of December 31, 2014 there were no permanently restricted net assets.

### Grants and contributions

Unrestricted and temporarily restricted grants and contributions are recorded as revenue in the year notification is received from the donor. Temporarily restricted grants and contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Temporarily restricted net assets in the accompanying financial statements consist of funds to be used for the Dominican Republic orphanage.

### 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

### Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on the functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited as noted in Exhibit E.

## 2. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 2, 2015, the date on which the financial statements were issued.