

NEAT STUFF, INC.

FINANCIAL STATEMENTS

JUNE 30, 2015

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PAUCAR, SISTACHS & COMPANY, P.A.
— Certified Public Accountants —

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Neat Stuff, Inc.
Miami, Florida

We have reviewed the accompanying financial statements of Neat Stuff, Inc., which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. 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

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 in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. 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.

Paucar Sistachs & Company

Miami, Florida
June 16, 2016

NEAT STUFF, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

ASSETS

CURRENT ASSETS

Cash	\$	10,366
Investments (Note 2)		434,847
Inventory		990,551
Notes receivable (Note 3)		144,399
Prepaid expenses		3,218

Total current assets 1,583,381

PROPERTY AND EQUIPMENT (NOTE 4) 5,154

\$ 1,588,535

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued liabilities	\$	2,786
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COMMITMENTS AND CONTINGENCIES (NOTE 5)

NET ASSETS

Unrestricted		1,185,749
Permanently Restricted		400,000

Total net assets 1,585,749

\$ 1,588,535

See accompanying notes and independent accountants' review report.

NEAT STUFF, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
SUPPORT AND OTHER REVENUE				
In kind donated goods	\$ 572,615	\$ 52,250	\$ -	\$ 624,865
Grants	112,845	-	-	112,845
Contributions	41,019	-	-	41,019
Net unrealized loss on investments	(10,566)	-	-	(10,566)
Net realized gain on investments	19,745	-	-	19,745
Interest and dividend income	12,517	-	-	12,517
Special events, net	22,867	-	-	22,867
Net assets released from restrictions	52,250	(52,250)	-	-
Total SUPPORT AND OTHER REVENUE	823,292	-	-	823,292
EXPENSES				
Program	631,425	-	-	631,425
Supporting services:				
Management and general	88,186	-	-	88,186
Fundraising	40,901	-	-	40,901
Total EXPENSES	760,512	-	-	760,512
CHANGE IN NET ASSETS	62,780	-	-	62,780
NET ASSETS - BEGINNING	1,122,969	-	400,000	1,522,969
NET ASSETS - ENDING	\$ 1,185,749	\$ -	\$ 400,000	\$ 1,585,749

See accompanying notes and independent accountants' review report.

NEAT STUFF, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in unrestricted net assets	\$	62,780
Adjustments to reconcile change in unrestricted net assets to net cash used in operating activities:		
Depreciation		1,289
Realized (gains) losses on investments	(19,745)
Unrealized (gains) losses on investments		10,566
Changes in operating assets and liabilities:		
Inventory	(124,296)
Prepaid expenses	(3,218)
Accounts payable and accrued liabilities		430
Total adjustments	(134,974)
Net cash used in operating activities	(72,194)

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	(15,021)
Proceeds on sales of investments		24,041
Repayments of notes receivable		12,000
Net present value adjustment of note receivable		23,601
Net cash provided by investing activities		44,621

NET DECREASE IN CASH (27,573)

CASH - BEGINNING OF YEAR 37,939

CASH - END OF YEAR \$ 10,366

Supplemental Disclosure of Cash Flow Information:

Interest paid	\$	-
Income taxes paid	\$	-

See accompanying notes and independent accountants' review report.

NEAT STUFF, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Neat Stuff, Inc. ("the Organization") is a Florida non-profit organization established for the purpose of providing free brand clothing to young victims of crime, poverty, and homelessness and other children in distress. Through its store in Miami, Florida the Organization provides the clothing, shoes, accessories, and school uniforms these children need, allowing them to dress with pride and dignity and inspire their sense of worth.

Basis of Presentation

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues and public support are classified based on the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted* - net assets which are free of donor-imposed restrictions.
- *Temporarily restricted* - net assets whose use by the Organization are limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Organization, pursuant to those stipulations.
- *Permanently restricted* - net assets whose use by the Organization are limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original purchased maturities of three months or less to be cash equivalents.

Concentration of Credit Risk

From time to time, the Organization maintains cash balances with financial institutions in excess of federally insured limits.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are held for an indefinite period and thus classified as available for sale and are recorded at fair market value. In general, the fair market value of investments is determined by the last reported sales price, using quoted market prices on the last business day of the fiscal year.

The fair value of investments in marketable equity securities is based on quoted market prices. Realized and unrealized gains and losses are recorded in the statement of activities.

Investment transactions are recorded on the trade date basis. Realized gains and losses on sales of securities are determined on the first-in first-out basis for financial statement purposes. Interest and dividend income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

Notes Receivable

Notes receivable that are expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in future years are discounted to estimate the present value of future cash flows. Discounts are computed using risk-free interest rates applicable to the years in which the promises are received, which range from .24% to 2.62%. Amortization of discounts is included in interest income.

As of June 30, 2015, management believes that the note receivable is fully collectible. As such, management has not established an allowance for uncollectible notes receivable.

Property and Equipment

Property and equipment is recorded at cost. Expenditures for major betterments and additions are charged to the asset accounts, while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are charged to expense currently.

Depreciation and Amortization

Depreciation of property and equipment is computed by the straight-line method using various rates based generally on the estimated useful lives of the assets, which range from five to seven years. Amortization of leasehold improvements is computed by the straight-line method over the shorter of the term of the lease or the estimated useful lives of the assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and grants

Contributions and grants received are recognized as revenues when the donor's commitment is received. All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. When donor restrictions expire, that is, when 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.

Income Taxes

The Organization is exempt from income tax under section, 501(c)(3) of the United States Internal Revenue Code and similar state provisions, and is not a private foundation. Certain activities not directly related to the Organization's tax-exempt purpose could be subject to taxation as unrelated business income, however a provision for unrelated business income tax was not recorded as it is considered to be immaterial.

The Organization assesses its tax positions in accordance with "Accounting for Uncertainties in Income Taxes" as prescribed by the Accounting Standards Codification, which provides guidance for financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a tax return for open tax years (generally a period of three years from the later of each return's due date or the date filed) that remain subject to examination by the Organization's major tax jurisdictions. Generally, the Organization is no longer subject to income tax examinations by major taxing authorities for fiscal years before 2010.

The Organization assesses its tax positions and determines whether it has any material unrecognized liabilities for uncertain tax positions. The Organization records these liabilities to the extent it deems them more likely than not to be incurred. Interest and penalties related to uncertain tax positions, if any, would be classified as a component of income tax expense.

The Organization believes that it does not have any significant uncertain tax positions requiring recognition or measurement in the accompanying consolidated financial statements.

Use of Estimates in the Preparation of Financial Statements

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 as of the balance sheet date and the reported amounts of revenues and expenses for the year presented. Actual results could differ from those estimates.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods and Services

Donated goods and services are recorded at fair market value when received and when there is an objective basis for determining such values. Such donated goods and services are reflected as in-kind donations and expensed in the statement of activities.

NOTE 2. INVESTMENTS

The fair value of investments at June 30, 2015 are as follows:

Money market fund	\$	12,788
Equity securities		8,620
Endowment fund		413,439
	\$	434,847

NOTE 3. NOTE RECEIVABLE

Note receivable at June 30, 2015 is expected to be received as follows:

Within one year	\$	12,000
In one to five years		60,000
In more than five years		96,000
		168,000
Less: present value discount		23,601
Note receivable, net	\$	144,399

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2015 consisted of the following:

Furniture and equipment	\$	43,927
Less: accumulated depreciation and amortization		38,773
	\$	5,154

Depreciation and amortization expense amounted to \$1,289 for the year ended June 30, 2015.

NOTE 5. COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Organization leases an office and warehouse facility from an unrelated party under a non-cancelable operating lease, expiring May 2017. Monthly payments are \$3,043 and are exempt from sales tax.

The approximate future minimum rentals under these leases for the years subsequent to June 30, 2015 are as follows:

2016	\$	37,000
2017		34,000
	\$	71,000

Rent expense amounted to \$38,060 for the year ended June 30, 2015.

NOTE 6. ENDOWMENT

The Organization's endowment consists of a fund established to provide general support to the Organization's mission. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of dono-imposed restrictions.

Interpretation of relevant law

The Board of the Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit stipulations to the contrary. Consequently, the Organization classifies permanently restricted net assets as: a) the original value of gifts donated to the permanent endowment; and b) the original value of subsequent gifts to the permanent endowment, if any.

Return objectives and parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for the intended use supported by the endowment. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, the assets of the Organization are invested in a manner that will seek to maintain an appropriate, diversified asset allocation based on the total return policy that is compatible with the pending policy while still having the potential to produce positive real returns. The Organization utilizes The Miami Foundation as its designated representative to execute its investment policies.

NOTE 6. ENDOWMENT (Continued)

Spending Policy

In accordance with the Endowment agreement, the Organization has a policy of appropriating net investment earnings (interest and dividends, realized and unrealized gains, less administrative expenses) toward expenses related to general support of the Organization.

In establishing this policy the Organization considered the long-term expected returns of its endowment investments. Accordingly, over the long-term, the Organization expects the current spending policy will allow its endowment to retain the original fair value of the gift.

Strategies employed for achieving objectives

The Organization relies on a total return strategy in which the investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends).

Endowment net asset composition as of June 30, 2015 is as follows:

	Permanently Restricted
Donor-restricted endowment fund	\$ 400,000
	\$ 400,000

Changes in endowment net assets for the fiscal year ended June 30, 2014 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning	\$ 16,350	\$ -	\$ 400,000	\$ 416,350
Interest and dividend income	-	12,350	-	12,350
Net appreciation (depreciation)	8,745	-	-	8,745
Appropriation for expenditure	(11,656)	(12,350)	-	(24,006)
	\$ 13,439	\$ -	\$ 400,000	\$ 413,439

NOTE 7. SUBSEQUENT EVENTS

The Organization expected to receive full payment of the note receivable balance on January 31, 2016 as stipulated on the agreement dated January 1, 2014. As of the date of issuance of this report, the note receivable balance has not been paid in full. The Organization continues to receive the monthly payments of \$1,000 and management reasonably expects to collect the full amount by June 2029 (the time it would take to pay the full amount of the note if it continues receiving the \$1,000 monthly payments). Management has adjusted the note receivable balance to reflect the net present value of the future monthly payments.



PAUCAR, SISTACHS & COMPANY, P.A.
Certified Public Accountants

**INDEPENDENT ACCOUNTANTS' REVIEW REPORT ON
SUPPLEMENTARY INFORMATION**

To the Board of Directors
Neat Stuff, Inc.
Miami, Florida

Our report on our review of the basic financial statements of Neat Stuff, Inc. for June 30, 2015 appears on page 1. The review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included on page 13 is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements. We are not aware of any material modifications that should be made thereto.

Paucar Sistachs & Company

June 16, 2016

NEAT STUFF, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2015

	Program	Support Services		TOTAL
		Management and General	Fundraising	
Advertising and promotion	\$ 484	\$ 285	\$ 181	\$ 950
Bank charges	48	28	18	94
Communication and telephone	1,864	1,097	694	3,655
Computer supplies	154	91	58	303
Data processing	1,059	623	394	2,076
Depreciation	657	387	245	1,289
Dues and subscriptions	2,979	1,752	1,110	5,841
Equipment rental	418	246	156	820
In Kind donated goods	521,638	-	-	521,638
Freight and shipping	558	329	208	1,095
Fundraising expenses	15,486	9,110	5,770	30,366
Insurance - general	2,938	1,729	1,095	5,762
Insurance - health, life and disability	3,692	2,171	1,375	7,238
Licenses and permits	325	191	121	637
Miscellaneous	-	23,601	-	23,601
Office supplies	404	237	150	791
Payroll taxes	4,189	2,464	1,560	8,213
Postage and delivery	28	17	10	55
Printing and reproduction	328	194	123	645
Professional fees	2,231	1,313	831	4,375
Rent	19,411	11,418	7,231	38,060
Repairs and maintenance	844	497	314	1,655
Salaries	49,411	29,065	18,408	96,884
Trucking and transportation	454	267	169	890
Utilities	1,825	1,074	680	3,579
	\$ 631,425	\$ 88,186	\$ 40,901	\$ 760,512

See independent accountants' review report on supplementary information.