

MATTHEW HILL FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Matthew Hill Foundation, Inc.
Emeryville, CA

We have audited the accompanying financial statements of MATTHEW HILL FOUNDATION, INC. which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the period from April 7, 2015 through December 31, 2015, 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.

Auditors' 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 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 MATTHEW HILL FOUNDATION, INC. as of December 31, 2015, and the changes in its net assets and its cash flows for the period from April 7, 2015 through December 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

Wardley + Davis LLP

October 14, 2016

STATEMENT OF FINANCIAL POSITIONAs of December 31, 2015

ASSETS**CURRENT ASSETS**

Cash	\$ 1,550,575
Contributions Receivable	36,999

\$ 1,587,574

LIABILITIES AND NET ASSETS**CURRENT LIABILITIES**

Grants Payable	\$ 1,516,125
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NET ASSETS

Unrestricted	71,449
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\$ 1,587,574

STATEMENT OF ACTIVITIES

For the Period from April 7, 2015 to December 31, 2015

SUPPORT AND REVENUES	
Contributions	\$ 1,747,462
Other Revenue	
Interest Income	755
Miscellaneous	9,073
Total Other Revenue	<u>9,828</u>
Total Support and Revenues	<u>1,757,290</u>
FUNCTIONAL EXPENSES	
Program Services	
Grants	1,514,600
Payroll and Related Payroll Taxes	4,616
Total Program Services Expenses	<u>1,519,216</u>
Management and General	
Marketing	7,578
Office Expenses	2,440
Payroll and Employee Expenses	41,546
State/Charity Registration	12,436
Professional Fees	1,300
Total Management and General Expenses	<u>65,300</u>
Fundraising	
Payroll and Employee Expenses	46,163
Technology	2,057
Pay Pal Fees	53,105
Total Fundraising Expenses	<u>101,325</u>
Total Expenses	<u>1,685,841</u>
CHANGE IN NET ASSETS	71,449
Net Assets, Beginning	<u>—</u>
NET ASSETS, ENDING	<u>\$ 71,449</u>

STATEMENT OF CASH FLOWS

For the Period from April 7, 2015 to December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	<u>\$ 71,449</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Increase in Assets	
Contributions Receivable	(36,999)
Increase in Liabilities	
Grants Payable	<u>1,516,125</u>
Total Adjustments	<u>1,479,126</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES AND NET INCREASE IN CASH	1,550,575
Cash, Beginning	<u>—</u>
<u>CASH, ENDING</u>	<u>\$ 1,550,575</u>

NOTES TO FINANCIAL STATEMENTS

NATURE OF ORGANIZATION

MATTHEW HILL FOUNDATION, INC. (the Foundation) is a web-based not-for-profit organization devoted to raising cancer awareness and supportive funds by putting a fun twist on the month of November. The goal of the Foundation is to grow awareness by embracing our hair, which many cancer patients lose, and letting it grow wild and free. Donate the money you usually spend on shaving and grooming for a month to educate about cancer prevention, save lives, and aid those fighting the battle. Revenues are derived primarily from contributions. The majority of the raised funds are awarded as grants to cancer fighting organizations.

The Foundation was incorporated on April 7, 2015. These financial statements cover the period from April 7, 2015 to December 31, 2015.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of management who is responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

BASIS OF ACCOUNTING

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Codification topic related to "Financial Statements of Not-for-Profit Organizations." This guidance requires the Foundation to report information regarding its financial position and activities, based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations plus those resources for which temporarily donor-imposed stipulations have been satisfied. Unrestricted net assets may otherwise be designated for specific purposes by action of the Board of Directors.

Temporarily restricted net assets – Net assets whose use by the Foundation is subject to donor-imposed stipulations that could be fulfilled either by actions of the Foundation, pursuant to those stipulations and/or that expire by the passage of time. Temporarily restricted net assets are reclassified to unrestricted net assets when the restrictions have been met. At December 31, 2015, the Foundation had no temporarily restricted net assets.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that the resources be maintained permanently by the Foundation. Investment income, including realized and unrealized gains and losses, are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). At December 31, 2015, the Foundation had no permanently restricted net assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL STATEMENT PRESENTATION (Continued)

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

RECOGNITION OF SUPPORT, RECEIVABLE AND REVENUES

The Foundation accounts for contributions received and unconditional promises to give under the provisions of the FASB Codification topic related to contributions made and received. In accordance with the Codification, contributions are recognized as support revenue when received. Unconditional promises to give are recognized when received at the estimated present value of future cash flows, net of allowances. Contributions received are recorded as unrestricted or temporarily restricted support, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires (that is, when a 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. Based on managements' assessment of the individual outstanding balances and taking into consideration the age of past due accounts, an assessment of the ability to pay, as well as current relationships, management considers contributions receivable to be fully collectible at December 31, 2015. Accordingly, no allowance for doubtful accounts for uncollectible contributions receivable is required.

DONATED SERVICES

Donated services are recognized as revenues at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated. The Foundation did not receive any donated professional services during the period of April 7, 2015 through December 31, 2015.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities are presented on a functional basis in the statements of activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited, based on direct charges or appropriate methods determined by management.

CONCENTRATION OF CREDIT RISK

The Foundation's cash balances, at times, may exceed federally-insured limits. The Foundation has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTES TO FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAX STATUS

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and applicable state law.

The Foundation has adopted the guidance in the FASB Codification topic related to uncertainty in income taxes which prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements uncertain tax positions that the Foundation has taken or expects to take in its tax returns. Under the guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is "more likely than not" that it is sustainable, based on its technical merits. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority having full knowledge of all relevant information. The Foundation believes that it has appropriate support for the positions taken on its returns.

NOTE 2—RELATED PARTY TRANSACTIONS

Members of the Board of Directors were paid \$81,498 during the period April 7, 2015 through December 31, 2015.

NOTE 3—SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 14, 2016, the date which the financial statements were available for issue. There are no subsequent events which require disclosure.