



HP Alliance, Inc.
d/b/a The Harry Potter Alliance
Financial Statements
Year Ended June 30, 2015

HP Alliance, Inc.
d/b/a The Harry Potter Alliance

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Independent Accountant's Review Report

Board of Directors
HP Alliance, Inc.
Somerville, Massachusetts

I have reviewed the accompanying statement of assets and net assets—cash basis of HP Alliance, Inc., d/b/a The Harry Potter Alliance (a nonprofit corporation) as of June 30, 2015, and the related statements of revenues, expenses, and change in net assets – cash basis, functional expenses – cash basis and cash flows – cash basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization 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, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the cash basis of accounting, as described in Note 1.

A handwritten signature in black ink, appearing to read 'Michael L. Hamlin, CPA', with the letters 'CPA' written in a smaller font to the right of the signature.

Michael L. Hamlin, CPA

November 18, 2015
Stoneham, Massachusetts

HP Alliance, Inc.
d/b/a The Harry Potter Alliance

Statement of Assets and Net Assets - Cash Basis

June 30, 2015

Assets

Current assets:

Cash \$ 112,507

Total assets \$ 112,507

Net Assets

Net assets \$ 112,507

Total net assets \$ 112,507

See Independent Accountant's Review Report and Notes to Financial Statements.

HP Alliance, Inc.
d/b/a The Harry Potter Alliance

**Statement of Revenue and Expenses and
Change in Net Assets - Cash Basis**

Year Ended June 30, 2015

Revenue and Support

Donations	\$ 387,152
Net profit on sales of merchandise	72,419
Program service fees	11,376
Interest income	8
Total revenue and support	<u>470,955</u>

Functional Expenses

Program services	279,328
General and administrative	114,526
Fundraising	111,191
Total functional expenses	<u>505,045</u>

Change in net assets (34,090)

Net assets, beginning of year 146,597
Net assets, end of year \$ 112,507

See Independent Accountant's Review Report and Notes to Financial Statements.

HP Alliance, Inc.
d/b/a The Harry Potter Alliance

Statement of Functional Expenses - Cash Basis

Year Ended June 30, 2015

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Functional expenses				
Personnel costs				
Salaries	\$ 159,353	\$ 83,680	\$ 74,468	\$ 317,501
Payroll taxes	14,834	7,790	6,932	29,556
Employee benefits	9,554	5,017	4,465	19,036
Total personnel costs	<u>183,741</u>	<u>96,487</u>	<u>85,865</u>	<u>366,093</u>
Event expenses	44,349	-	4,055	48,404
Travel and transportation	19,579	2,797	5,594	27,970
Internet services	9,683	1,210	1,210	12,103
Printing and publications	4,395	2,198	4,395	10,988
Professional fees	4,658	2,070	3,623	10,351
Postage and shipping	2,349	1,176	2,349	5,874
Workers' compensation insurance	2,737	1,437	1,279	5,453
Office supplies and expenses	1,818	2,157	1,082	5,057
Contributions	3,500	-	-	3,500
Payroll processing	1,727	907	807	3,441
Miscellaneous	-	1,935	-	1,935
Service fees	21	231	740	992
Insurance expense	-	982	-	982
Meals	576	192	192	960
Filing fees	-	552	-	552
Dues and subscriptions	195	195	-	390
Total functional expenses	<u>\$ 279,328</u>	<u>\$ 114,526</u>	<u>\$ 111,191</u>	<u>\$ 505,045</u>

See Independent Accountant's Review Report and Notes to Financial Statements.

HP Alliance, Inc.
d/b/a The Harry Potter Alliance

Statement of Cash Flows - Cash Basis

Year Ended June 30, 2015

Operating activities	
Change in net assets	\$ (34,090)
Net cash used in operating activities	<u>(34,090)</u>
Net decrease in cash	(34,090)
Cash, beginning of period	<u>146,597</u>
Cash, end of period	<u><u>\$ 112,507</u></u>

See Independent Accountant's Review Report and Notes to Financial Statements.

HP Alliance, Inc.
d/b/a The Harry Potter Alliance

Notes to Financial Statements

Year Ended June 30, 2015

Note 1 – Organization

Organization

HP Alliance, Inc. (“the Organization”) is organized for the purpose of enacting social change in the United States and throughout the world by using parallels from the Harry Potter book series.

The Organization was formed in 2008 and is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code of 1986. Section 501(c)(3) of the code provides for the exemption of entities that were organized and operated exclusively for religious, charitable, scientific, literary or educational purposes and whose net earnings do not inure to the benefit of any private shareholders or individuals.

Note 2 – Summary of Significant Accounting Policies

Basis of Financial Statement Presentation

The accompanying financial statements have been prepared on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America. Under the cash basis of accounting, revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred.

The Organization has adopted Accounting Standards Codification Topic 958-205 “Not-for-Profit Entities Presentation of Financial Statements,” (ASC 958-205), issued by the Financial Accounting Standards Board (“FASB”). Under ASC 958-205, the Organization is required to present a statement of cash flows. Net assets and revenues, expenses, and 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:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Temporarily restricted net assets are those resources subject to donor-imposed restrictions that will be satisfied by the actions of the Organization or the passage of time. When a restriction expires or is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets which have permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently but permit the Organization to expend part or all of the income derived from the donated assets.

As of June 30, 2015, all net assets were unrestricted.

HP Alliance, Inc.
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Notes to Financial Statements

Year Ended June 30, 2015

Note 2 – Summary of Significant Accounting Policies

Support / Revenue Recognition

The Organization recognizes support and revenue when they are received. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Cash

Cash consists of cash held in checking and savings accounts. The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash primarily with a high credit financial institution. However, portions of cash balances may exceed FDIC insured limits (\$250,000) from time to time during the year. The Organization has not experienced any losses in its cash accounts and believes it is not exposed to any significant credit risk on any of its cash balances.

Cost of Goods Sold

The Organization will purchase items for resale during the course of its activities. These items typically have a shelf life of three months or less and are expensed upon purchase.

Contributed Services

A number of unpaid volunteers, including members of the Board of Directors, have made significant contributions of their time to develop and promote the Organization. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement of valuation. Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by the individuals possessing those skills, and would typically need to be purchased if not provided by donation.

HP Alliance, Inc.
d/b/a The Harry Potter Alliance

Notes to Financial Statements

Year Ended June 30, 2015

Note 2 – Summary of Significant Accounting Policies

Functional Allocation of Expenses

Expenses are allocated among programs and supporting services directly, on the basis of time records or utilization estimates made by the Organization’s management. General and administrative expenses include those that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code (the “Code”) and is not a private foundation. The Organization is required to file an annual information return with the Internal Revenue Service and the Commonwealth of Massachusetts. The Organization has either filed or extended the time to file the annual information returns and has not been notified by any federal or state taxing authorities of any matters that would jeopardize the Organization’s tax-exempt status. Accordingly, no income tax expense has been recorded in the financial statements.

FASB issued ASC Topic 740, “Income Taxes,” (ASC 740). ASC 740 clarifies the accounting for income taxes by prescribing a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined in ASC 740 as a tax position that is more likely than not to be sustained upon examination by the applicable tax authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The uncertain tax position standard must be applied to all existing tax positions upon initial adoption.

As of June 30, 2015, the Organization had no material unrecognized tax benefits and no adjustments to liabilities or operations were required under ASC 740. The Organization’s practice was and continues to be to recognize interest and penalty expenses related to uncertain tax positions in income tax expense, which were zero for the years ended June 30, 2015. Generally, the Organization’s three preceding tax years are subject to examination by federal and state tax authorities. There are no income tax examinations currently in process.

Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued, November 18, 2015. There were no material subsequent events noted during the evaluation.

HP Alliance, Inc.
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Notes to Financial Statements

Year Ended June 30, 2015

Note 3 – Cash

Cash as June 30, 2015 consisted of the following:

Checking accounts with bank	\$	72,256
Savings accounts with bank		<u>40,251</u>
	\$	<u><u>112,507</u></u>

Note 4 – Sales of Merchandise

The Organization had the following sales and cost of goods sold for the year ended June 30, 2015:

Sales of merchandise	\$	156,518
Cost of goods sold		<u>84,099</u>
Net profit on sales of merchandise	\$	<u><u>72,419</u></u>

Note 5 – Significant Contributors

Contributions from two foundations totaled \$100,000, or 26% of total donations for the year ended June 30, 2015.