

***TLC FAMILY RESOURCE  
CENTER, INC.***

**Financial Statements  
June 30, 2018**

**FINANCIAL STATEMENTS**

**TLC FAMILY RESOURCE CENTER, INC.**

**June 30, 2018**

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
TLC Family Resource Center, Inc.

We have reviewed the accompanying financial statements of TLC Family Resource Center, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows and functional expenses 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 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, 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 AICPA. 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 conformity with accounting principles generally accepted in the United States of America.

*Lawrence E. Reed, CPA, PC*

November 9, 2018  
Chester, VT  
VT License No. 1039

**STATEMENT OF FINANCIAL POSITION**  
**TLC FAMILY RESOURCE CENTER, INC.**  
**June 30, 2018**  
**(With Comparative Totals for June 30, 2017)**

|   | <u>June 30, 2018</u> |                                   |                   | <b>As of</b><br><b>June 30, 2017</b> |
|---|----------------------|-----------------------------------|-------------------|--------------------------------------|
|   | <u>Unrestricted</u>  | <u>Temporarily<br/>Restricted</u> | <u>Total</u>      | <b>Totals</b><br><b>(Memorandum)</b> |
| <b>ASSETS</b>                               |                      |                                   |                   |                                      |
| Cash and cash equivalents                   | \$ 196,113           | \$ 61,310                         | \$ 257,423        | \$ 121,417                           |
| Grants and accounts receivable              | 54,807               | -                                 | 54,807            | 53,838                               |
| Security deposit                            | 1,350                | -                                 | 1,350             | -                                    |
| Equipment and furniture                     | 88,469               | -                                 | 88,469            | 62,803                               |
| Accumulated depreciation                    | <u>(54,113)</u>      | <u>-</u>                          | <u>(54,113)</u>   | <u>(46,276)</u>                      |
| <b>TOTAL ASSETS</b>                         | <u>\$ 286,626</u>    | <u>\$ 61,310</u>                  | <u>\$ 347,936</u> | <u>\$ 191,782</u>                    |
| <b>LIABILITIES AND NET ASSETS</b>           |                      |                                   |                   |                                      |
| <b>LIABILITIES</b>                          |                      |                                   |                   |                                      |
| Accrued expenses                            | \$ 27,723            | \$ -                              | \$ 27,723         | \$ 23,729                            |
| Accounts payable                            | 2,268                | -                                 | 2,268             | 3,771                                |
| Fiscal sponsor funds                        | <u>6,750</u>         | <u>-</u>                          | <u>6,750</u>      | <u>15,884</u>                        |
| <b>TOTAL LIABILITIES</b>                    | 36,741               | -                                 | 36,741            | 43,384                               |
| <b>NET ASSETS</b>                           | <u>249,885</u>       | <u>61,310</u>                     | <u>311,195</u>    | <u>148,398</u>                       |
| <b>TOTAL LIABILITIES AND<br/>NET ASSETS</b> | <u>\$ 286,626</u>    | <u>\$ 61,310</u>                  | <u>\$ 347,936</u> | <u>\$ 191,782</u>                    |

See independent accountant's review report and accompanying notes.

**STATEMENT OF FINANCIAL ACTIVITIES**  
**TLC FAMILY RESOURCE CENTER, INC.**  
**Year Ended June 30, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

|  | <u>Year Ended June 30, 2018</u> |                   |                   | Year Ended<br>June 30, 2017 |
|--|---------------------------------|-------------------|-------------------|-----------------------------|
|  | Temporarily                     |                   |                   | Totals                      |
|  | <u>Unrestricted</u>             | <u>Restricted</u> | <u>Total</u>      | <u>(Memorandum)</u>         |
| <b>SUPPORT AND REVENUE</b>               |                                 |                   |                   |                             |
| Governmental support                     | \$ 457,159                      | \$ -              | \$ 457,159        | \$ 398,307                  |
| Foundations and trusts                   | 118,500                         | 144,300           | 262,800           | 162,922                     |
| Program fees                             | 104,912                         | -                 | 104,912           | 67,413                      |
| Contributions                            | 64,018                          | 11,385            | 75,403            | 51,544                      |
| Facility sublease income                 | 9,423                           | -                 | 9,423             | 7,193                       |
| Sales of donated goods                   | 2,576                           | -                 | 2,576             | 13,423                      |
| Fundraising                              | 2,038                           | -                 | 2,038             | 10,821                      |
| In-kind materials and services           | -                               | -                 | -                 | 688                         |
| Net assets released<br>from restrictions | <u>114,550</u>                  | <u>(114,550)</u>  | <u>-</u>          | <u>-</u>                    |
| <b>TOTAL SUPPORT AND REVENUE</b>         | <b>873,176</b>                  | <b>41,135</b>     | <b>914,311</b>    | <b>712,311</b>              |
| <b>EXPENSES</b>                          |                                 |                   |                   |                             |
| <b>Program services</b>                  |                                 |                   |                   |                             |
| Comprehensive Family Support             | 277,899                         | -                 | 277,899           | 214,351                     |
| Healthy Families                         | 165,249                         | -                 | 165,249           | 176,422                     |
| PREP                                     | 80,434                          | -                 | 80,434            | 87,228                      |
| Parent Aide                              | 59,777                          | -                 | 59,777            | 49,192                      |
| Recovery Coaching                        | 16,274                          | -                 | 16,274            | -                           |
| Rural Outright                           | 9,721                           | -                 | 9,721             | -                           |
| Second Beginnings                        | <u>-</u>                        | <u>-</u>          | <u>-</u>          | <u>23,940</u>               |
|  | 609,354                         | -                 | 609,354           | 551,133                     |
| <b>Fundraising</b>                       | 39,751                          | -                 | 39,751            | 30,057                      |
| <b>Management and general</b>            | <u>102,409</u>                  | <u>-</u>          | <u>102,409</u>    | <u>90,093</u>               |
| <b>TOTAL EXPENSES</b>                    | <u>751,514</u>                  | <u>-</u>          | <u>751,514</u>    | <u>671,283</u>              |
| <b>CHANGE IN NET ASSETS</b>              | 121,662                         | 41,135            | 162,797           | 41,028                      |
| Net assets at Beginning of Year          | <u>128,223</u>                  | <u>20,175</u>     | <u>148,398</u>    | <u>107,370</u>              |
| <b>NET ASSETS AT END OF YEAR</b>         | <u>\$ 249,885</u>               | <u>\$ 61,310</u>  | <u>\$ 311,195</u> | <u>\$ 148,398</u>           |

See independent accountant's review report and accompanying notes.

**STATEMENT OF CASH FLOWS**  
**TLC FAMILY RESOURCE CENTER, INC.**  
**Year Ended June 30, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

|   | <u>Year Ended June 30, 2018</u> |                               |                   | <b>Year Ended</b>    |
|---|---------------------------------|-------------------------------|-------------------|----------------------|
|   | <u>Unrestricted</u>             | <u>Temporarily Restricted</u> | <u>Total</u>      | <b>June 30, 2017</b> |
|   |                                 |                               |                   | <b>Totals</b>        |
|   |                                 |                               |                   | <b>(Memorandum)</b>  |
| <b>OPERATING ACTIVITIES</b>   |                                 |                               |                   |                      |
| Change in net assets  | \$ 121,662                      | \$ 41,135                     | \$ 162,797        | \$ 41,028            |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities |                                 |                               |                   |                      |
| Depreciation  | 7,837                           | -                             | 7,837             | 5,611                |
| (Increase) decrease in operating assets:  |                                 |                               |                   |                      |
| Grants and accounts receivable  | (3,469)                         | 2,500                         | (969)             | (10,056)             |
| Security deposits   | (1,350)                         | -                             | (1,350)           | -                    |
| Increase (decrease) in operating liabilities:   |                                 |                               |                   |                      |
| Accounts payable  | (1,503)                         | -                             | (1,503)           | 752                  |
| Accrued expenses  | 3,994                           | -                             | 3,994             | 4,089                |
| Fiscal sponsor funds  | (9,134)                         | -                             | (9,134)           | 884                  |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>   | <b>118,037</b>                  | <b>43,635</b>                 | <b>161,672</b>    | <b>42,308</b>        |
| <b>INVESTING ACTIVITIES</b>   |                                 |                               |                   |                      |
| Equipment purchases   | (25,666)                        | -                             | (25,666)          | -                    |
| <b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>   | <b>(25,666)</b>                 | <b>-</b>                      | <b>(25,666)</b>   | <b>-</b>             |
| <b>INCREASE (DECREASE) IN CASH</b>  | <b>92,371</b>                   | <b>43,635</b>                 | <b>136,006</b>    | <b>42,308</b>        |
| Beginning cash and cash equivalents   | <u>103,742</u>                  | <u>17,675</u>                 | <u>121,417</u>    | <u>79,109</u>        |
| <b>ENDING CASH AND CASH EQUIVALENTS</b>   | <b>\$ 196,113</b>               | <b>\$ 61,310</b>              | <b>\$ 257,423</b> | <b>\$ 121,417</b>    |

See independent accountant's review report and accompanying notes.

**SCHEDULE OF FUNCTIONAL EXPENSES**

**TLC FAMILY RESOURCE CENTER, INC.**

**Year Ended June 30, 2018**

**(With Comparative Totals for the Year Ended June 30, 2017)**

|                         | <u>Total All Services</u> | <u>Mgt. &amp; General</u> | <u>Fund-raising</u> | <u>Program Services</u> |                       |                         |                  |                    |                          |                       | <u>Totals (Memorandum)</u> |
|-------------------------|---------------------------|---------------------------|---------------------|-------------------------|-----------------------|-------------------------|------------------|--------------------|--------------------------|-----------------------|----------------------------|
|                         |                           |                           |                     | <u>Total</u>            | <u>Family Support</u> | <u>Healthy Families</u> | <u>PREP</u>      | <u>Parent Aide</u> | <u>Recovery Coaching</u> | <u>Rural Outright</u> |                            |
| Salaries and wages      | \$ 491,821                | \$ 66,800                 | \$ 27,921           | \$ 397,100              | \$ 193,243            | \$ 112,916              | \$ 52,337        | \$ 38,604          | \$ -                     | \$ -                  | \$ 467,402                 |
| Program expenses        | 54,684                    | 11,908                    | 1,072               | 41,704                  | 14,579                | 8,010                   | 3,941            | 4,429              | 1,024                    | 9,721                 | 36,236                     |
| Occupancy               | 42,897                    | -                         | -                   | 42,897                  | 19,517                | 12,057                  | 5,299            | 4,000              | 2,024                    | -                     | 40,986                     |
| Payroll taxes           | 36,182                    | 4,793                     | 2,136               | 29,253                  | 14,088                | 8,193                   | 4,032            | 2,940              | -                        | -                     | 34,259                     |
| Professional fees       | 30,145                    | 1,500                     | 500                 | 28,145                  | 7,418                 | 4,555                   | 2,007            | 1,524              | 12,641                   | -                     | 5,500                      |
| Advertising & marketing | 22,644                    | 7,753                     | 7,180               | 7,711                   | 1,608                 | 1,061                   | 4,761            | 281                | -                        | -                     | 10,464                     |
| Employee benefits       | 19,598                    | 6,527                     | -                   | 13,071                  | 6,209                 | 3,871                   | 1,690            | 1,301              | -                        | -                     | 27,118                     |
| Mileage reimbursement   | 17,469                    | 531                       | 93                  | 16,845                  | 7,598                 | 2,845                   | 1,548            | 4,785              | 69                       | -                     | 16,244                     |
| Training & dev.         | 13,564                    | 906                       | -                   | 12,658                  | 4,650                 | 6,264                   | 1,684            | 60                 | -                        | -                     | 12,349                     |
| Depreciation            | 7,837                     | 1,128                     | -                   | 6,709                   | 3,265                 | 1,908                   | 884              | 652                | -                        | -                     | 5,610                      |
| Insurance               | 5,718                     | -                         | -                   | 5,718                   | 2,692                 | 1,694                   | 749              | 583                | -                        | -                     | 5,424                      |
| Telephone               | 5,239                     | -                         | -                   | 5,239                   | 2,250                 | 1,395                   | 612              | 466                | 516                      | -                     | 4,743                      |
| Printing                | 2,708                     | 415                       | 670                 | 1,623                   | 536                   | 298                     | 687              | 102                | -                        | -                     | 3,443                      |
| Postage                 | 1,008                     | 148                       | 179                 | 681                     | 246                   | 182                     | 203              | 50                 | -                        | -                     | 817                        |
| In-kind contributions   | -                         | -                         | -                   | -                       | -                     | -                       | -                | -                  | -                        | -                     | 688                        |
| <b>TOTAL EXPENSES</b>   | <b>\$ 751,514</b>         | <b>\$ 102,409</b>         | <b>\$ 39,751</b>    | <b>\$ 609,354</b>       | <b>\$ 277,899</b>     | <b>\$ 165,249</b>       | <b>\$ 80,434</b> | <b>\$ 59,777</b>   | <b>\$ 16,274</b>         | <b>\$ 9,721</b>       | <b>\$ 671,283</b>          |

See independent accountant's review report and accompanying notes.

**NOTES TO FINANCIAL STATEMENTS**  
**TLC FAMILY RESOURCE CENTER, INC.**  
**June 30, 2018**

**NOTE A -- ORGANIZATION**

TLC Family Resource Center, Inc., (the "Organization") is a non-profit organization established in 2004 for the purpose of promoting the physical and emotional health and safety of women and families expecting infants or with young children. The organization serves individuals in New Hampshire's Sullivan and lower Grafton Counties and is funded primarily through governmental financial assistance and program fees. A Board of Directors sets policy for the Organization and an Executive Director has the responsibility of direct management. During the year-ended June 30, 2018, the Organization's revenue sources as a percentage of total revenue were federal, state and municipal grants 50%, contributions and special event proceeds 37%, program fees and other income 13%.

**NOTE B -- SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation:** In accordance with Financial Accounting Standards Board (FASB) ASC 958-200, *Financial Statements of Not-for-Profit Organizations*, the Organization reports information regarding its financial position and activities according to three classes of net assets as follows:

**Unrestricted net assets:** includes assets for which no restrictions as to use or program period have been imposed by the donor; unrestricted contributions, including service contracts, and unconditional promises to give are recorded as increases in the period received; expenses are recorded as decreases to unrestricted net assets when incurred.

**Temporarily restricted net assets:** includes assets for which restrictions have been imposed as to use or program period; support and revenue is recognized as an increase when the restricted award or contribution is received; when the temporary restriction has expired the amount is reported as a separate reclassification which decreases temporarily restricted net assets and increases unrestricted net assets.

**Permanently restricted net assets:** includes assets for which the donor has imposed a permanent restriction on the use of the funds. As of June 30, 2018, the organization had no permanently restricted net assets.

**Estimates:** The preparation of financial statements in conformity with U.S. 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.

**Cash and Cash Equivalents:** The Organization considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

**Advertising Costs:** The Organization uses advertising to promote its programs and to fill positions. The costs of advertising are expensed as incurred. During the year ended June 30, 2018 advertising costs totaled \$22,644.



**NOTE B -- SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Property and Equipment:** Property, equipment, and improvements with costs greater than \$500 are carried at cost. Major maintenance activities are capitalized if they extend the life of the property or equipment. Donations of property and equipment are recorded as support at their estimated fair value and recorded as unrestricted support or restricted support if the donor has restricted the donated asset for a specific purpose. Property, equipment, and improvements are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2018 totaled \$7,837.

**Revenue Recognition:** The Organization accounts for contributions in accordance with FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*. Under such statement, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Unrestricted contributions, and restricted contributions for which the restrictions expire in the fiscal year in which the contributions are recognized, are reported as increases in unrestricted net assets. 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 assets are reclassified to unrestricted assets.

**Contributed Services, Facilities and Materials:** During the year ended June 30, 2018 the Organization received direct and indirect contributions of services, facilities and materials related to its programs and fundraising efforts. Contributions of services creating or enhancing non-financial assets, or requiring specialized skills that would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt. Prior to June 30, 2017 the Organization operated a thrift store which sold donated clothing and housing goods. Donated inventory was recognized as income on the statement of activities when the inventory was sold. During fiscal 2018 the remaining inventory was sold for \$2,576.

**Functional Allocation of Expenses:** The costs of providing program activities have been summarized on a functional basis in the statement of activities. Support expenses not directly chargeable to program costs are allocated based on direct program expenses, units of service, or other program related methods. Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported changes in net assets.

**Income Taxes:** The Organization is exempt from federal and state taxes under section 501(c)(3) of the Internal Revenue Code and has been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). The Center's Forms 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2018, 2017 and 2016 are subject to examination by the IRS, generally for three years after they were filed.

**NOTES TO FINANCIAL STATEMENTS**  
**TLC FAMILY RESOURCE CENTER, INC.**  
**June 30, 2018**

**NOTE C -- GRANTS AND ACCOUNTS RECEIVABLE**

The Organization is awarded cost reimbursement grants by various organizations. Revenues associated with these grants are recorded as the associated expenses are incurred. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected. Grants and accounts receivable totaling \$54,807 as of June 30, 2018 are composed of the following balances and are deemed by management to be fully collectible:

|                           |                 |
|---------------------------|-----------------|
| Accounts receivable       | \$ 672          |
| County funding            | 10,000          |
| State cost reimbursements | <u>44,135</u>   |
|                           | <u>\$54,807</u> |

**NOTE D -- CONTINGENT LIABILITIES**

The Organization receives funds under various state and federal programs. Under the terms of these programs, the Organization is required to expend the funds within the designated period for purposes specified in the grant proposal. If expenditures of the funds are found not in compliance with the proposal, the Organization may be required to return those funds to the grantor. As of June 30, 2018, there were no known disallowed expenditures and, therefore, no provision has been made for this contingency.

**NOTE E -- SUPPORT FROM GOVERNMENTAL UNITS**

The Organization receives a substantial amount of its support from federal and state governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's ability to continue its programs and activities.

**NOTE F -- BANK LINE OF CREDIT**

The Organization has a bank line of credit in the amount of \$80,000 which was renewed in March 2018. The bank holds a security interest in all the assets of the Organization. The terms of the credit line include monthly payments of interest, based on the New York Prime rate adjusted monthly, and full payment of the outstanding balance for a minimum period of 30 days each year. As of June 30, 2018, the outstanding balance was \$0.

**NOTE G -- RESTRICTIONS ON ASSETS**

Temporarily restricted net assets totaling \$61,310 as of June 30, 2018 are related to Recovery Coaching, Parent Groups and Rural Outright programs and equipment upgrades.

**NOTES TO FINANCIAL STATEMENTS**  
**TLC FAMILY RESOURCE CENTER, INC.**  
**June 30, 2018**

**NOTE H -- OPERATING LEASE ARRANGEMENTS**

The Organization leases its facility under a lease agreement, signed on December 1, 2011, which provides for twelve-month renewal periods based on a stipulated monthly rental payment plus utilities and a real estate tax escalation clause. This lease was extended for another year beginning July 1, 2018 at a monthly rent payment of \$1,900, for a total lease commitment of \$22,800. On June 1, 2018 The Organization entered into a lease agreement for office space for the Recovery Coaching program. The lease is a one year term with monthly rental payments of \$1,350. Facility lease payments for the year ended June 30, 2018 totaled \$24,150.

On January 1, 2014 a four year photocopier lease was signed with monthly rent of \$136. Photocopier lease expense for the year-ended June 30, 2018 totaled \$1,632.

Future minimum lease payments are as follows:

|             |          |
|-------------|----------|
| Fiscal 2019 | \$37,650 |
|-------------|----------|

The Organization entered into a sublease agreement for a portion of their space on October 1, 2016. The sublease payments are \$500 per month, plus reimbursement of utilities costs, with the agreement ending June 30, 2017. The agreement was renewed on a month-to-month basis as of July 1, 2017. The total sub-lease income plus utilities reimbursement received for the year ended June 30, 2018 was \$9,423.

**NOTE I -- FAIR VALUE OF FINANCIAL INSTRUMENTS**

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, the Organization is required to disclose certain information about its financial assets and liabilities. As of June 30, 2018 the Organization has no financial instruments subject to the disclosure requirements. Cash and cash equivalents, grants and accounts receivable, accounts payable, accrued expenses, advances refundable, and fiscal agency funds are reported in the statement of financial position approximate fair values because of the short maturities of those instruments or because of the fixed rate of interest required to be paid.

**NOTE J – FISCAL SPONSOR FUNDS**

The Organization has several grant agreements to serve as a fiscal sponsor for a local initiative. Under these agreements the Organization received \$31,500 for which \$28,350 is being administered for the benefit of the local initiative and \$3,150 is the Organization's administrative fee. The remaining liability as of June 30, 2018 totals \$6,750.

**NOTE K -- SUBSEQUENT EVENTS**

Management considered subsequent events through November 9, 2018, the date the financial statements were available to be issued.