TLC FAMILY RESOURCE CENTER, INC.

Financial Statements
June 30, 2017

FINANCIAL STATEMENTS

TLC FAMILY RESOURCE CENTER, INC.

June 30, 2017

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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, 2017, 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 managementôs 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

October 17, 2017
Chester, VT
VT License No. 1039

STATEMENT OF FINANCIAL POSITION
TLC FAMILY RESOURCE CENTER, INC.
June 30, 2017
(With Comparative Totals for June 30, 2016)

	June 30, 2017			As of June 30, 2016
	Unrestricted	Temporarily Restricted	Total	Totals (Memorandum)
ASSETS				
Cash and cash equivalents	$ 103,742	$ 17,675	$ 121,417	$ 79,109
Grants and accounts receivable	51,338	2,500	53,838	43,782
Equipment and furniture	62,803	-	62,803	62,803
Accumulated depreciation	(46,276)	-	(46,276)	(40,665)
TOTAL ASSETS	$ 171,607	$ 20,175	$ 191,782	$ 145,029
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	$ 3,771	$ -	$ 3,771	$ 3,019
Accrued expenses	23,729	-	23,729	19,640
Fiscal sponsor funds	15,884	-	15,884	15,000
TOTAL LIABILITIES	43,384	-	43,384	37,659
NET ASSETS	128,223	20,175	148,398	107,370
TOTAL LIABILITIES AND NET ASSETS	$ 171,607	$ 20,175	$ 191,782	$ 145,029

See independent accountant's review report and accompanying notes.

STATEMENT OF FINANCIAL ACTIVITIES
TLC FAMILY RESOURCE CENTER, INC.
Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	Year Ended June 30, 2017			Year Ended June 30, 2016
	Unrestricted	Temporarily Restricted	Total	Totals (Memorandum)
SUPPORT AND REVENUE				
Governmental support	$ 398,307	$ -	$ 398,307	$ 405,790
Foundations and trusts	71,000	91,922	162,922	141,010
Program fees	67,413	-	67,413	68,155
Contributions	49,044	2,500	51,544	39,121
Sales of donated goods	13,423	-	13,423	18,925
In-kind materials and services	688	-	688	13,748
Fundraising	10,821	-	10,821	11,470
Facility sublease income	7,193	-	7,193	-
Net assets released from restrictions	92,004	(92,004)	-	-
TOTAL SUPPORT AND REVENUE	709,893	2,418	712,311	698,219
EXPENSES				
Program services				
Comprehensive Family Support	214,351	-	214,351	208,779
Healthy Families	176,422	-	176,422	169,037
PREP	87,228	-	87,228	75,873
Parent Aide	49,192	-	49,192	49,927
Second Beginnings	23,940	-	23,940	26,405
	551,133	-	551,133	530,021
Fundraising	30,057	-	30,057	26,973
Management and general	90,093	-	90,093	70,899
TOTAL EXPENSES	671,283	-	671,283	627,893
CHANGE IN NET ASSETS	38,610	2,418	41,028	70,326
Net assets at Beginning of Year	89,613	17,757	107,370	37,044
NET ASSETS AT END OF YEAR	$ 128,223	$ 20,175	$ 148,398	$ 107,370

See independent accountant's review report and accompanying notes.

STATEMENT OF CASH FLOWS
TLC FAMILY RESOURCE CENTER, INC.
Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	Year Ended June 30, 2017			Year Ended June 30, 2016
	Unrestricted	Temporarily Restricted	Total	Totals (Memorandum)
OPERATING ACTIVITIES				
Change in net assets	$ 38,610	$ 2,418	$ 41,028	$ 70,326
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities				
Depreciation	5,611	-	5,611	3,637
Donated computer equipment	-	-	-	(11,125)
(Increase) decrease in operating assets:				
Grants and accounts receivable	(7,556)	(2,500)	(10,056)	3,216
Increase (decrease) in operating liabilities:				
Accounts payable	752	-	752	847
Accrued expenses	4,089	-	4,089	(8,548)
Fiscal sponsor funds	884	-	884	15,000
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	42,390	(82)	42,308	73,353
FINANCING ACTIVITIES				
Principle payments on bank LOC	-	-	-	(13,051)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	-	-	-	(13,051)
INCREASE (DECREASE) IN CASH	42,390	(82)	42,308	60,302
Beginning cash and cash equivalents	61,352	17,757	79,109	18,807
ENDING CASH AND CASH EQUIVALENTS	$ 103,742	$ 17,675	$ 121,417	$ 79,109

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ -	$ 209

See independent accountant's review report and accompanying notes.

SCHEDULE OF FUNCTIONAL EXPENSES
TLC FAMILY RESOURCE CENTER, INC.
Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

				Program Services						Year Ended June 30, 2016
	Total All Services	**Mgt. & General**	**Fund-raising**	**Total**	**Family Support**	**Healthy Families**	**PREP**	**Parent Aide**	**Second Beginnings**	**Totals (Memorandum)**
Salaries and wages	$467,402	$ 65,342	$ 23,605	$378,455	$149,592	$121,286	$54,861	$36,259	$ 16,457	$ 453,744
Occupancy	40,986	-	-	40,986	15,153	12,728	6,181	4,055	2,869	38,812
Program supplies & expenses	36,235	10,151	1,496	24,588	11,355	8,511	2,898	514	1,310	25,403
Payroll taxes	34,259	4,601	1,793	27,865	10,822	8,886	4,161	2,738	1,258	35,775
Employee benefits	27,118	5,281	-	21,837	8,688	6,683	3,285	2,191	990	9,674
Mileage reimb.	16,244	44	444	15,756	7,638	4,038	2,757	1,300	23	12,542
Advertising & marketing	10,464	2,514	2,198	5,752	507	520	4,692	-	33	12,103
Training & dev.	12,349	135	-	12,214	1,964	6,632	3,614	4	-	9,728
Depreciation	5,611	827	-	4,784	1,891	1,533	694	458	208	3,638
Professional fees	5,500	-	500	5,000	1,926	1,555	773	491	255	5,000
Insurance	5,424	-	-	5,424	2,147	1,660	815	537	265	5,277
Telephone	4,743	-	-	4,743	1,879	1,473	715	469	207	5,284
Printing	3,443	951	21	2,471	305	485	1,593	65	23	6,521
Postage	817	146	-	671	252	244	104	55	16	1,561
In-kind services and materials	688	101	-	587	232	188	85	56	26	2,622
Interest	-	-	-	-	-	-	-	-	-	209
TOTAL EXPENSES	$671,283	$ 90,093	$ 30,057	$551,133	$214,351	$176,422	$87,228	$49,192	$ 23,940	$ 627,893

See independent accountant's review report and accompanying notes.

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, 2017, the Organization's revenue sources as a percentage of total revenue were federal, state and municipal grants 56%, contributions and special event proceeds 34%, program fees and other income 10%.

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, 2017, 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, 2017 advertising costs totaled $10,464.

NOTE B -- SIGNIFICANT ACCOUNTING POLICIES - Continued

<u>Property and Equipment</u>: 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, 2017 totaled $5,611.

<u>Revenue Recognition</u>: 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.

<u>Contributed Services, Facilities and Materials</u>: During the year ended June 30, 2017 the Organization received direct and indirect contributions of services, facilities and materials related to its programs and fundraising efforts. The Organization operates a thrift store which sells donated clothing and housing goods. Because of the difficulty of valuing the donated inventory when it is received, the inventory donation is recognized as income on the statement of activities when the inventory is sold. 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.

<u>Functional Allocation of Expenses</u>: 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.

<u>Income Taxes</u>: 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 Centerœs Forms 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2017, 2016 and 2015 are subject to examination by the IRS, generally for three years after they were filed.

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 $53,838 as of June 30, 2017 are composed of the following balances and are deemed by management to be fully collectible:

Accounts receivable	$ 3,380
County funding	7,500
State cost reimbursements	42,958
	$53,838

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, 2017, 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 2017. 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, 2017, the outstanding balance was $0.

NOTE G -- RESTRICTIONS ON ASSETS

Temporarily restricted net assets totaling $20,175 as of June 30, 2017 are related to Healthy Families program and IT support and equipment upgrades.

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, 2017 at a monthly rent payment of $1,900, for a total lease commitment of $22,800. Facility lease payments for the year ended June 30, 2017 totaled $22,800.

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, 2017 totaled $1,632.

Future minimum lease payments are as follows:

Fiscal 2018	$24,432
Fiscal 2019	1,632
Total	$26,064

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, 2017 was $7,193.

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, 2017 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 the agreements the Organization received $31,500 for which $28,350 will be administered for the benefit of the local initiative and $3,150 will be earned as an administrative fee.

NOTE K -- SUBSEQUENT EVENTS

Management considered subsequent events through October 17, 2017, the date the financial statements were available to be issued.