# THE FAMILY RESOURCE CENTER

# AUDITED FINANCIAL STATEMENTS

# DECEMBER 31, 2017

**LIITTJOHANN, KAUFFMAN, and PEDERSON**
Certified Public Accountants

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Certified Public Accountants

David A. Kauffman, C.P.A., P.C. Daniel M. Pederson, C.P.A.'s, P.C.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Family Resource Center
Sterling, Colorado

We have audited the accompanying financial statements of The Family Resource Center (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, 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.

**Auditor's 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 The Family Resource Center as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Liittjohann / Kauffman / Pederson

Fort Morgan, Colorado
November 9, 2018

420 East Platte Avenue, Suite A
Ft. Morgan, CO 80701
(970) 867-4922

106 East First Street
Julesburg, CO 80737
(970) 474-3326

# THE FAMILY RESOURCE CENTER
# STATEMENT OF FINANCIAL POSITION
## As of December 31, 2017

## ASSETS

| | | |
|---|---|---|
| Current Assets | | |
| Cash in Bank | $ 93,418 | |
| Investments | 67,831 | |
| Accounts Receivable | 12,424 | |
| Prepaid Expenses | 3,223 | |
| Total Current Assets | | $ 176,896 |
| | | |
| Property and Equipment | | |
| Building and Improvements | 251,088 | |
| Furniture and Equipment | 36,552 | |
| Accumulated Depreciation | (42,830) | |
| Net Fixed Assets | | 244,810 |
| | | |
| Total Assets | | $ 421,706 |

## LIABILITIES AND FUND BALANCE

| | | |
|---|---|---|
| Current Liabilities | | |
| Accounts Payable | $ 3,535 | |
| Accrued Expenses | 10,373 | |
| Accrued Leave Liability | 7,211 | |
| Total Current Liabilities | | $ 21,119 |
| | | |
| Fund Balance | | |
| Unrestricted Fund Balance | 400,587 | |
| Temporarily Restricted Fund Balance | - | |
| Permanently Restricted Fund Balance | - | |
| Total Fund Balance | | 400,587 |
| | | |
| Total Liabilities and Fund Balance | | $ 421,706 |

See accompanying independent auditors' report
and notes to financial statements.

# THE FAMILY RESOURCE CENTER
## STATEMENT OF ACTIVITIES AND CHANGES IN FUND BALANCE
For the Year Ended December 31, 2017

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Public Support and Revenue | | | | |
| Government Grants | $ - | $ 114,830 | $ - | $ 114,830 |
| Foundation Grants | - | 101,511 | - | 101,511 |
| Direct public support | 67,944 | | - | 67,944 |
| In Kind contributions | 572 | - | - | 572 |
| Fees for service | 24,964 | - | - | 24,964 |
| Rental income | 27,585 | - | - | 27,585 |
| Investment income | 4,102 | - | - | 4,102 |
| Unrealized gain(loss) from investments | 3,412 | | | 3,412 |
| Other income | 102 | - | - | 102 |
| Temporary restriction released | 216,341 | (216,341) | - | - |
| Total Public Support and Revenue | 345,022 | - | - | 345,022 |
| Expenditures | | | | |
| Program Services | 213,227 | - | - | 213,227 |
| Support Services | 51,316 | - | - | 51,316 |
| Building Expenses | 27,190 | - | - | 27,190 |
| Total Expenditures | 291,733 | - | - | 291,733 |
| Net Increase (Decrease) in Fund Balance | 53,289 | - | - | 53,289 |
| Fund Balance Beginning | 347,298 | - | - | 347,298 |
| Fund Balance Ending | $ 400,587 | $ - | $ - | $ 400,587 |

See accompanying independent auditors' report
and notes to financial statements.

THE FAMILY RESOURCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2017

| | Program Services | Support Services | Building Expense | Total Expenses |
|---|---|---|---|---|
| Audit and accounting | $ 13,861 | $ 15,524 | | $ 29,385 |
| Administrative indirect costs | 4,112 | | | 4,112 |
| Advertising | 1,472 | | | 1,472 |
| CCR Flex funds | 11,122 | | | 11,122 |
| Contract labor | 15,588 | | | 15,588 |
| Copies and printing | | 3,197 | | 3,197 |
| Depreciation | | 4,786 | 8,406 | 13,192 |
| Dues and subscriptions | 2,459 | 1,292 | | 3,751 |
| Incentives | 3,001 | | | 3,001 |
| Insurance | | 5,352 | 1,347 | 6,699 |
| Licenses and permits | | 175 | | 175 |
| Occupancy | 8,018 | | | 8,018 |
| Payroll taxes and benefits | 12,625 | 1,585 | | 14,210 |
| Property Taxes | | | 2,303 | 2,303 |
| Postage | | 327 | | 327 |
| Program supplies | 8,849 | | | 8,849 |
| Repairs and maintenance | | | 8,937 | 8,937 |
| Salaries and wages | 117,860 | 15,426 | | 133,286 |
| Supplies | 1,222 | 672 | | 1,894 |
| Telephone and internet | 1,082 | 787 | | 1,869 |
| Training | 1,818 | | | 1,818 |
| Travel and meals | 9,015 | 2,193 | | 11,208 |
| Utilities | | | 6,197 | 6,197 |
| Volunteer appreciation | 564 | | | 564 |
| Youth Activities | 559 | | | 559 |
| Total Expenses | $ 213,227 | $ 51,316 | $ 27,190 | $ 291,733 |

See accompanying independent auditors' report
and notes to financial statements.

# THE FAMILY RESOURCE CENTER
## STATEMENT OF CASH FLOWS
### For the Year Ended December 31, 2017

| | | |
|---|---|---|
| Cash flows from operating activities | | |
| Net increase in fund balance | | $ 53,289 |
| Adjustment to reconcile net increase in fund balance to cash flows from operating activities: | | |
| Depreciation expense | $ 13,192 | |
| Investment income | (4,102) | |
| Unrealized gain(loss) from investments | (3,412) | |
| (Increase) Decrease in accounts receivable | (4,341) | |
| (Increase) Decrease in prepaid expenses | (178) | |
| Increase (Decrease) in accounts payable | 920 | |
| Increase (Decrease) in accrued expenses | (1,327) | |
| Increase (Decrease) in accrued leave time | 7,211 | 7,963 |
| Net Cash Provided by Operating Acitvities | | 61,252 |
| Cash Flows from Investing Activities | | |
| Interest income | 1,244 | |
| Net Cash Provided by Investing Activities | | 1,244 |
| Cash Flows from Financing Activities | | - |
| Net Increase in Cash | | 62,496 |
| Net Cash Beginning of Year | | 30,922 |
| Net Cash End of Year | | $ 93,418 |

See accompanying independent auditors' report
and notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Family Resource Center is organized as a Colorado not-for-profit corporation. The organization's purpose is to encourage the development of healthy children and strong family units by providing support systems, parent education and referral systems. The organization is governed by a board of 8 members.

The organization operates on public funding through government and foundation grants, direct contributions and fees for service. The funds received are normally unrestricted unless a donor places a direct restriction on them. Almost all grants or contributions received are designated for activities that are in the normal course of business for the organization.

B. Basis of Accounting

The accounts of The Family Resource Center are maintained and the accompanying financial statements have been prepared on the accrual basis of accounting. This is according to generally accepted accounting principles.

C. Use of Estimates

The preparation of financial statements in conformity with 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.

D. Financial Statement Presentation

The Family Resource Center has presented the financial statements in accordance to the Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations. This requires the Foundation to report information regarding its financial position and activities according to three classes of net assets:

*Unrestricted Net Assets:*
Unrestricted net assets are not subject to donor-imposed stipulations.

*Temporarily Restricted Net Assets:*
Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, 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:*
Permanently restricted net assets are subject to donor-imposed stipulations and they must be maintained permanently by the Organization. Generally the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

E. Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Family Resource Center considers all cash held in checking, savings and highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Income Taxes

The Family Resource Center does not provide for income taxes as it is a tax exempt non-profit organization under the Internal Revenue Code Section 501(c)(3).

The Family Resource Center has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles. Generally, income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The organization has analyzed tax positions taken for filing with the Internal Revenue Service and believes that they will be sustained upon examination. Accordingly, the Family Resource Center has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2017.

G. Concentrations of Credit Risk

Credit risks are potential areas that the organization could face that would cause financial difficulty for the organization. The organization actively monitors areas of risk in order to mitigate effects on the financial stability of the organization. These situations are remote at this time but do create some risk in the future if they were to come about.

The Family Resource Center has funds invested in marketable securities which are subject to financial market fluctuations. In a down market, the value of these funds available to the organization could be limited by losses in the investment. Thereby creating a risk of reduced availability of these funds to the organization if needed.

The Family Resource Center provides programs that rely on government support to fund the program. This creates a potential risk that could affect the organization if the funding agencies would experience funding cutbacks or eliminate fund to the programs the organization manages.

H. Accounts Receivable

Amounts presented as accounts receivable on the statement of financial position relate to grant reimbursements receivable and are expected to be collected within the current period. The organization has several grants in which the expenditures are made to provide the program services and then reported to the funding agency for reimbursement. Usually these accounts receivable are collected within 30 to 60 days after reimbursement request has been submitted.

I. Property and Equipment

Property and equipment additions that are purchased are recorded at cost and donations of property and equipment are recorded as support at fair value. Additions exceeding $500 are capitalized. Property and equipment is depreciated over the estimated useful lives of the assets using the straight-line method. Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

NOTE 2 – Investments

The organization has funds invested in the Community Foundation Trust, a pooled investment fund, maintained by the Community Foundation of Northern Colorado. The funds are invested in marketable securities and have a market value of $67,831 at December 31, 2017. The original investment in this fund was $63,961. The organization recognized $2,752 of unrealized market gains during 2017 and paid $412 of administration fees for the investment. All of the fund invested are available to the organization as needed and are unrestricted.

NOTE 3 – ACCRUED LEAVE LIABILITY

The organization has a PTO leave policy. PTO can be used for vacation or sick time. Full time employees earn days of PTO time based on their length of employment per the schedule below. Employees can accumulate a maximum of 3 to 5 days of PTO time depending on the length of service. Upon termination of employment employees are entitled to be paid for unused PTO time.

*PTO ACCRUAL SCHEDULE*

| Years of Eligible Service | Accrual | Max to Carry Over |
|---|---|---|
| 0 to 2.99 years | 80 hours/10 days | 24 hours/3 days |
| 3 to 4.99 years | 120 hours/15 days | 32 hours/4 days |
| 5 plus years | 160 hours/20 days | 40 hours/5 days |
| 10 plus years | 200 hours/25 days | 40 hours/5 days |

NOTE 4 – REVENUE

The Family Resource Center has several programs, which make up the organization. Funding for the programs come from a variety of sources, including federal, state and local grants as well as some contributions from the general public and private foundations. Revenue received for a specific program or purpose is recorded as a temporarily restricted asset. Once the restriction is met the funds are released to unrestricted assets and spent for their purpose. General contributions, investment income and rent proceeds are recorded as unrestricted assets and used by the organization as needed.

NOTE 5 – LEASED OFFICE SPACE

The organization owns a building which houses the operations of the organization and provides space for the programs it operates. The building has a second floor of office space that is not needed by the organization. This space is leased to other organizations and businesses typically on a year to year basis. During 2017 there were ten tenants who leased space from the organization for various periods of the year. The organization collected $27,585 in rent during 2017 for this office space.

NOTE 5 – STATEMENT OF CASH FLOWS

The organization did not have any non-cash investing or financing activities for the period. There were no interest expenses or taxes paid for the year ended December 31, 2017.

NOTE 6 – SUBSEQUENT EVENTS

The organization has evaluated subsequent event information through the date of the report, which is the date the financial statements are available to be issued. No events were noted that would require adjustment to or disclosure in the financial statements.