

**FAMILY RECONCILIATION CENTER, INC.
NASHVILLE, TENNESSEE**

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Family Reconciliation Center, Inc.

I have audited the accompanying financial statements of Family Reconciliation Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statement of activities, statement of 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

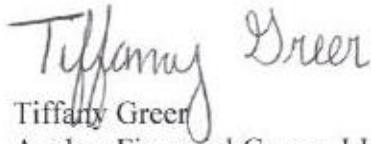
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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, I 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.

I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Reconciliation Center, Inc. as of December 31, 2016, 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.

A handwritten signature in cursive script that reads "Tiffany Greer".

Tiffany Greer
Anchor Financial Group, LLC

July 7, 2017

**FAMILY RECONCILIATION CENTER, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016**

ASSETS

Current Assets:

Cash	\$ 115,762
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Total Current Assets

Fixed Assets:

Property and Equipment	555
(Net of Accumulated Depreciation of \$1,737)	<u> </u>

Total Assets	<u><u>\$ 116,317</u></u>
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LIABILITIES AND NET ASSETS

Liabilities:

Accounts Payable	\$ 1,619
Accrued Payroll and Payroll Taxes	<u>531</u>

Total Liabilities	2,150
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Net Assets:

Unrestricted	<u>114,167</u>
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Total Net Assets	<u>114,167</u>
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Total Liabilities & Net Assets	<u><u>\$ 116,317</u></u>
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The accompanying notes are an integral part of these financial statements.

**FAMILY RECONCILIATION CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u>
UNRESTRICTED NET ASSETS:	
Revenues, Gains, and Other Support	
Gifts and Contributions	\$ 148,638
Government Grants	30,000
Dividends and Interest	71
Other Income	<u>27,292</u>
 TOTAL INCOME	 206,001
 Expenses	
Program Services	236,892
Management and General	47,541
Fundraising	<u>17,658</u>
 TOTAL EXPENSES	 302,091
 Increase/(Decrease) in Net Assets	 (96,090)
Prior Year Adjustment	
 NET ASSETS AT JANUARY 1, 2016	 <u>210,257</u>
 NET ASSETS AT DECEMBER 31, 2016	 <u><u>\$ 114,167</u></u>
 Interest Paid	 -
Interest Expensed	-

The accompanying notes are an integral part of these financial statements.

FAMILY RECONCILIATION CENTER, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services	Management & General	Fundraising	Total
Accounting	2,180	2,180	-	4,360
Bank Fees	-	1,108	-	1,108
Contract labor	816	-	-	816
Depreciation	144	35	13	192
Direct Program	5,485	-	-	5,485
Dreamweave Expenses	68,250	-	-	68,250
Guest Expenses	2,808	-	-	2,808
Insurance	7,084	1,700	661	9,445
Office Expenses	5,050	1,212	471	6,733
Other Costs	11,511	2,763	1,075	15,349
Payroll Taxes	9,535	3,663	1,465	14,663
Postage and Shipping	474	182	73	729
Rent	27,300	-	-	27,300
Salaries and Wages	89,152	34,289	13,716	137,157
Supplies	389	-	25	414
Telephone & Internet	1,706	409	159	2,274
Utilities	5,008	-	-	5,008
Total	<u>\$ 236,892</u>	<u>\$ 47,541</u>	<u>\$ 17,658</u>	<u>\$ 302,091</u>

The accompanying notes are an integral part of these financial statements.

**FAMILY RECONCILIATION CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase/(Decrease) in Net Assets	\$ (96,090)
Depreciation	192
Increase in Accounts Payable and Accrued Liabilities	<u>(2,357)</u>
 Total Cash Provided by Operating Activities	 (98,255)

CASH FLOWS FROM INVESTING ACTIVITIES:

Total cash used to purchase assets	<u>-</u>
 Total Cash Provided by Investing Activities	 -

CASH FLOW FROM FINANCING ACTIVITIES:

Total Cash Provided by Financing Activities	<u>-</u>
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NET INCREASE/(DECREASE) IN CASH (98,255)

CASH BALANCE- JANUARY 1, 2016 214,017

CASH BALANCE- DECEMBER 31, 2016 \$ 115,762

Supplemental Disclosures

Interest Paid \$ -

The accompanying notes are an integral part of these financial statements.

FAMILY RECONCILIATION CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS

FAMILY RECONCILIATION CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Family Reconciliation Center, Inc. is a not-for-profit organization that was organized in 1984. Its mission is to provide services and programs to reach out to youth and families who are innocent victims of crime by promoting family unification, human rights, and advocacy to strengthen the family unit as a whole and reduce inter-generational incarceration.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting which are generally accepted accounting principles in the United States.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: Unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Property and Equipment

Property and equipment are carried at cost, or if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-(continued)

Contributed Services

Family Reconciliation Center, Inc. receives a small amount of services donated by people carrying out charitable missions. No amounts have been reflected in the financial statements for those services.

Income Tax

Family Reconciliation Center, Inc. qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and therefore has no provision for federal income taxes. The tax years that are open are 2014, 2015, and 2016.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value of the short maturities of those financial instruments.

Subsequent Events

Subsequent events have been evaluated through July 7, 2017 which is the date the financial statements were issued.

NOTE B – PLANT ASSETS AND DEPRECIATION

Depreciation of plant assets is calculated on the straight-line basis over the estimated useful lives of the assets. The cost of such assets at December 31, 2016 is as follows:

Office Equipment	\$ 2,292
Less accumulated depreciation	<u>(1,737)</u>
	<u>\$ 555</u>

NOTE D – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE E- GOING CONCERN

The board of directors is in discussion as to the future of Family Reconciliation Center, Inc. The funding of the organization has not increased at the same rate as the overhead. The board is meeting with current donors and others that believe in the organization to discuss the future of Family Reconciliation Center, Inc.