

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

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

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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, 2015, 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, 2015, 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.

*Tiffany Greer, CPA*

Tiffany Greer  
Certified Public Accountant

May 26, 2016

**FAMILY RECONCILIATION CENTER, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2015**

**ASSETS**

**Current Assets:**

Cash	\$ 214,017
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**Total Current Assets**

**Fixed Assets:**

Property and Equipment	746
(Net of Accumulated Depreciation of \$1,546)	

**Total Assets**

\$ 214,763

**LIABILITIES AND NET ASSETS**

**Liabilities:**

Accounts Payable	\$ 474
Accrued Payroll and Payroll Taxes	4,032

**Total Liabilities**

4,506

**Net Assets:**

Unrestricted	210,257
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**Total Net Assets**

210,257

**Total Liabilities & Net Assets**

\$ 214,763

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

**FAMILY RECONCILIATION CENTER, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u>
<b>UNRESTRICTED NET ASSETS:</b>	
Revenues, Gains, and Other Support	
Gifts and Contributions	\$ 103,088
Government Grants	15,000
Dividends and Interest	254
Other Income	<u>3,400</u>
 TOTAL INCOME	 121,742
 Expenses	
Program Services	130,150
Management and General	26,090
Fundraising	<u>9,973</u>
 TOTAL EXPENSES	 166,213
 Increase/(Decrease) in Net Assets	 (44,471)
Prior Year Adjustment	
 <b>NET ASSETS AT JANUARY 1, 2015</b>	 <u>254,728</u>
 <b>NET ASSETS AT DECEMBER 31, 2015</b>	 <u><u>\$ 210,257</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, 2015**

	Program Services	Management & General	Fundraising	Total
Accounting	2,105	2,105	-	4,210
Bank Fees	-	42	-	42
Contract labor	18,573	-	-	18,573
Depreciation	125	48	19	192
Direct Program	9,540	-	-	9,540
Dreamweave Expenses	4,026	-	-	4,026
Guest Expenses	200	-	-	200
Insurance	3,656	878	341	4,875
Office Expenses	2,719	652	254	3,625
Other Costs	1,994	545	210	2,749
Payroll Taxes	5,201	2,000	801	8,002
Postage and Shipping	547	210	84	841
Rent	18,000	-	-	18,000
Salaries and Wages	49,775	19,144	7,658	76,577
Supplies	6,535	-	425	6,960
Telephone & Internet	1,937	466	181	2,584
Utilities	5,217	-	-	5,217
Total	<u>\$ 130,150</u>	<u>\$ 26,090</u>	<u>\$ 9,973</u>	<u>\$ 166,213</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, 2015**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Increase/(Decrease) in Net Assets	\$ (44,471)
Depreciation	192
Increase in Accounts Payable and Accrued Liabilities	<u>1,888</u>
Total Cash Provided by Operating Activities	(42,391)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Total cash used to purchase assets	<u>(359)</u>
Total Cash Provided by Investing Activities	(359)

**CASH FLOW FROM FINANCING ACTIVITIES:**

Total Cash Provided by Financing Activities	<u>-</u>
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<b>NET INCREASE/(DECREASE) IN CASH</b>	(42,750)
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<b>PRIOR YEAR ADJUSTMENT</b>	-
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<b>CASH BALANCE- JANUARY 1, 2015</b>	<u>256,767</u>
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<b>CASH BALANCE- DECEMBER 31, 2015</b>	<u><u>\$ 214,017</u></u>
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**Supplemental Disclosures**

<b>Interest Paid</b>	\$ -
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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, 2015**

**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 2013, 2014, and 2015.

### 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 May 26, 2016 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, 2015 is as follows:

Office Equipment	\$ 2,292
Less accumulated depreciation	<u>(1,546)</u>
	<u>\$ 746</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.