

Family to Family Network
Audited Financial Statements
For the Year Ended June 30, 2017

R. H. Tribolet, CPA, PLLC

Family to Family Network

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Ronald H. Tribolet, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
of Family to Family Network

We have audited the accompanying financial statements of Family to Family Network, (a Texas nonprofit corporation), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities 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 Family to Family Network as of June 30, 2017, and the changes in net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

R. H. Tribolet CPA, PLLC

Humble, Texas
August 15, 2017

**Family to Family Network
Statement of Financial Position
June 30, 2017**

Assets

Current Assets

Cash and cash equivalents	\$ 43,671
Promises to give	911
Accounts receivable	68,059
Inventory	477
Prepaid expense	<u>18</u>
Total current assets	<u>113,135</u>

Property and equipment

Equipment	41,990
Furniture and fixtures	<u>7,761</u>
	49,751
Less accumulated depreciation	<u>(49,726)</u>
Net property and equipment	<u>25</u>

Other Assets

Investments	<u>8,322</u>
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Total Assets

\$ 121,482

Liabilities and Net Assets

Liabilities

Accounts payable and accrued liabilities	\$ 9,447
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Net Assets

Unrestricted	112,036
Temporarily restricted	-
Permanently restricted	<u> </u>
Total net assets	<u>112,036</u>

Total Liabilities and Net Assets

\$ 121,482

**Family to Family Network
Statement of Activities
Year Ended June 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Other Support			
Grants and contracts	\$ -	\$ 192,113	\$ 192,113
Contributions	33,958	-	33,958
Fundraising income	1,162	-	1,162
Donated goods and services	12,716	-	12,716
Program Income	19,583	-	19,583
Investment income	(637)	-	(637)
Net assets released from restrictions satisfied by program payments	<u>192,113</u>	<u>(192,113)</u>	<u>-</u>
Total revenues and other support	<u>258,894</u>	<u>-</u>	<u>258,894</u>
Expenses			
Program services	250,746	-	250,746
Supporting services	28,376	-	28,376
Fundraising activities	<u>7,287</u>	<u>-</u>	<u>7,287</u>
	<u>286,409</u>	<u>-</u>	<u>286,409</u>
Change in net assets	(27,515)	-	(27,515)
Net Assets at beginning of year	<u>69,677</u>	<u>69,874</u>	<u>139,551</u>
Net Assets at end of year	<u><u>\$ 42,162</u></u>	<u><u>\$ 69,874</u></u>	<u><u>\$ 112,036</u></u>

**Family to Family Network
Statement of Cash Flows
Year Ended June 30, 2017**

Cash Flows From Operating Activities:	
Change in net assets	\$ (27,515)
Adjustments to reconcile decrease in net assets to net cash used (provided) by operating activities:	
Depreciation	-
(Increase) decrease in accounts receivable	(19,533)
(Increase) decrease in pledges receivable	-
(Increase) decrease in inventory	-
Increase (decrease) in accounts payable	<u>4,404</u>
Net cash provided (used) by operating activities	(42,644)
 Cash Flows from Investing Activities	
Unrealized (gain) loss on investments	<u>662</u>
Net cash provided (used) by investing activities	<u>662</u>
 Cash flows from financing activities	
None	<u>-</u>
Net increase (decrease) cash and cash equivalents	(41,982)
Cash and cash equivalents beginning of year	<u>85,653</u>
Cash and cash equivalents end of year	<u><u>\$ 43,671</u></u>

**Family to Family Network
Statement of Functional Expenses
For the Year Ended June 30, 2017**

	<u><i>Program Activities</i></u>	<u><i>Supporting Services</i></u>	<u><i>Fundraising Activities</i></u>	<u><i>Total</i></u>
Salaries and wages	\$ 151,681	\$ 7,950	\$ 5,000	\$ 164,631
Payroll taxes and benefits	14,909	759	383	16,050
Travel	5,014	-	104	5,118
Professional fees	37,615	186	1,298	39,099
Translation expenses	7,194	-	-	7,194
Training seminars and guides	193	40	-	233
Meeting expenses	-	84	-	84
Donated services and supplies	12,716	-	-	12,716
Postage	397	70	181	648
Printing	930	192	-	1,122
Repairs	-	1,150	-	1,150
Insurance	3,441	-	-	3,441
Bank fees	158	298	191	647
Dues and subscriptions	295	315	-	610
Newsletter	-	-	-	-
Office supplies	2,977	531	131	3,639
Rent	9,611	12,426	-	22,037
Telephone expenses	3,174	2,581	-	5,756
Network for good fees	-	-	-	-
Utilities	443	1,791	-	2,235
Miscellaneous	-	2	-	2
	<u>\$ 250,746</u>	<u>\$ 28,376</u>	<u>\$ 7,287</u>	<u>\$ 286,410</u>

Family to Family Network

Notes to the Financial Statements

June 30, 2017

Note A: Nature of Organization

Family to Family network (the Organization) is a 501(c) (3) nonprofit organization chartered in the State of Texas, December, 1990. The Organization's mission is to assist families of children with disabilities by providing information, training, referral and support. The Organization has developed a number of programs which help to accomplish this goal including a quarterly newsletter, development and ongoing updates to the Texas Project FIRST website, educational events that teach families how to work effectively with their special education, medical and social systems, a resource center and lending library for affected families.

Family to Family Network is supported primarily through grant awards and contracts from various agencies, as well as by donations received from corporations and the general public.

Note B: Summary of Significant Accounting Policies

This summary of significant accounting policies of the Organization is presented to assist in understanding the financial statements. The financial statements and notes are the representations of management who is responsible for their integrity and objectivity. These policies reflect industry practices, and conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization reports its financial position and activities according to these classes of net assets:

- Unrestricted Net Assets are assets that are not subject to donor-imposed use stipulations. Unrestricted net assets may be designated for specific purpose by action of the Board of Directors.
- Temporarily Restricted Net Assets are subject to donor-imposed use stipulations that will be met by usage of the Organization or by the passage of time.
- Permanently Restricted Net Assets are subject to donor-imposed stipulations that the asset be maintained permanently by the Organization. Generally the donors of these assets permit the Organization to use all of, or part of, the income earned on the related investments for specific purposes. There are no permanently restricted net assets at June 30, 2016.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking, savings and money market accounts.

Family to Family Network

Notes to the Financial Statements

June 30, 2017

Contributions and Promises to Give

Contributions are recognized as revenue when they are received, or when the donor makes a promise to give to the organization that is, in substance, unconditional.

Contributions received are classified as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in temporarily restricted net assets in the reporting period that the support is recognized. The restrictions are satisfied either through time or usage, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net asset released from restriction.

Donated Services

Donations are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. At June 30, 2016, event tickets which were used by clients of the Organization and meeting room and storage space were donated to the organization. These donated goods and services are reflected in the statement of activities as donated goods and services. Family to Family Network is the beneficiary of many volunteers who donate their time and perform a variety of tasks that assist the Organization; however, these services do not meet the criteria for recognition as contributed services.

Concentration of Credit Risk

The Organization may from time to time have bank balances in excess of the FDIC insurance limits. The Organization considers that it uses credit worthy financial institutions and does not consider the risk of loss to be significant. At June 30, 2017, the Organization did not have any balances which exceeded the FDIC insurable limits.

Accounts Receivable

Accounts receivable are billed amounts for contract services which are outstanding at June 30, 2017. The Organization considers them to be fully collectible and, accordingly, no allowance for doubtful accounts has been established. If amounts became uncollectible they are charged off to operations when that determination is made.

Inventory

Inventory consist of training and other printed materials and is valued at historical cost.

Property and Equipment and Depreciation

Property and equipment are recorded at historical cost or, if donated, at the fair market value at the date of donation. Depreciation is provided over the estimated useful lives of the assets and is computed using the straight line method over the useful lives of the assets which are estimated to be five to seven years. There was no depreciation expense for the year ended June 30, 2017.

Family to Family Network

Notes to the Financial Statements

June 30, 2017

Investments

Investments consist of donated stock in publicly traded companies and are valued at fair market value at June 30, 2017. Any increases or decreases in market value are immaterial and have been included in unrestricted income.

Income Taxes

The Organization is a Texas nonprofit corporation whose revenue is derived from contributions and has qualified for tax exemption under section 501(c) (3) of the Internal Revenue Code and accordingly pays no federal taxes on exempt income. As of June 30, 2017, all tax years within statutory limits remain open for examination by taxing authorities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Functional Allocation of Expenses

The costs providing the various programs and other 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 benefitted. The Organization employs personnel whose time is divided among program, support services and fundraising activities; however, management tries to ensure that most of the staff is associated with various grant projects. Management estimates the amount of salaries and related payroll costs that are allocable to program, support, and fundraising based on an analysis of their activities.

Note C: Promises to Give

Promises to give are unenforceable pledges made by donors to contribute specified amounts over a period of time. The promises to give are recognized as income upon receipt of the pledge and recorded at net realizable value. The organization considers them to be fully collectible and they are expected to be realized in fiscal year ending June 30, 2017.

Note D: Lease Commitments

The Organization leases its office on a month to month basis and has no office lease commitments. The Organization leased office equipment to January 2019, minimum annual lease expense is \$1,800 per annum. Combined rent expense paid for office space and office equipment for the current year reflected in these financial statements is \$22,036. Minimum rental for years ended June 30, 2018 - \$1,800, and 2019 - \$1,800.

Family to Family Network

Notes to the Financial Statements

June 30, 2017

Note E: Grant and Contract Revenue

Grants and contract revenue received and included in the statement of activities is as follows:

Texas Region 9 Education Service Center for the Texas First Project	\$	67,827
Texas Council for Developmental Disabilities		59,965
Baxter Trust Private Foundation Services		33,000
Texas Parent to Parent (TxP2P) Task Force for Children with Special Needs Comprehensive Web Site		14,321
Shell Oil & Employees		10,000
Texas A&M University		5,000
Indo-American Charity Foundation		<u>2,000</u>
	\$	<u><u>192,113</u></u>

Note F: Fair Values of Financial Instruments

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- **Level 1** – Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- **Level 2** – Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets in markets that are not active;
 - Observable inputs other than quoted prices for the asset or liability; and

Family to Family Network

Notes to the Financial Statements

June 30, 2017

- Inputs derived principally from or corroborated by, observable market data by correlation or by other means. *Level 3* – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

Note G: Subsequent Events

The Organization has evaluated subsequent events through the date the financial statements were available for issuance. No matters were identified affecting the accompanying financial statements.