

***GOOD BEGINNINGS OF
SULLIVAN COUNTY, INC.***

**Financial Statements
June 30, 2013**

FINANCIAL STATEMENTS

GOOD BEGINNINGS OF SULLIVAN COUNTY, INC.

June 30, 2013

CONTENTS

	Page (s)
Independent Accountant's Review Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Schedule of Functional Expenses	5
Notes to Financial Statements	6 - 10

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Good Beginnings of Sullivan County, Inc.

We have reviewed the accompanying statement of financial position of Good Beginnings of Sullivan County, Inc. (a non-profit organization) as of June 30, 2013, and the related statements of activities, cash flows, and functional expenses for the year then ended. A review includes primarily applying analytical procedures to management's 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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

January 10, 2014
Vermont License No. 1039

STATEMENT OF FINANCIAL POSITION
GOOD BEGINNINGS OF SULLIVAN COUNTY, INC.
June 30, 2013
(With Comparative Totals for June 30, 2012)

	June 30, 2013			As of June 30, 2012
	Unrestricted	Temporarily Restricted	Total	Totals (Memorandum)
ASSETS				
Cash and cash equivalents	\$ 28,930	\$ 5,102	\$ 34,032	\$ 74,088
Cash, restricted	168	-	168	180
Grants and accounts receivable	42,260	24,000	66,260	49,200
Prepaid expenses	-	-	-	4,618
Equipment, furniture and fixtures	50,240	-	50,240	50,240
Accumulated depreciation	<u>(45,776)</u>	<u>-</u>	<u>(45,776)</u>	<u>(44,965)</u>
TOTAL ASSETS	<u>\$ 75,822</u>	<u>\$ 29,102</u>	<u>\$ 104,924</u>	<u>\$ 133,361</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 2,732	\$ -	\$ 2,732	\$ 21,242
Accrued expenses	31,771	-	31,771	37,936
Advances refundable	4,232	-	4,232	9,916
Fiscal agency funds	168	-	168	180
Unemployment benefits payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,152</u>
TOTAL LIABILITIES	38,903	-	38,903	72,426
NET ASSETS	<u>36,919</u>	<u>29,102</u>	<u>66,021</u>	<u>60,935</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 75,822</u>	<u>\$ 29,102</u>	<u>\$ 104,924</u>	<u>\$ 133,361</u>

See independent accountant's review report and accompanying notes.

STATEMENT OF FINANCIAL ACTIVITIES
GOOD BEGINNINGS OF SULLIVAN COUNTY, INC.
Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	Year Ended June 30, 2013			Year Ended June 30, 2012
	Unrestricted	Temporarily Restricted	Total	Totals (Memorandum)
SUPPORT AND REVENUE				
Governmental support	\$ 374,398	\$ -	\$374,398	\$ 363,614
Program fees	127,222	-	127,222	200,062
Foundations and trusts	9,500	49,000	58,500	48,000
Donated inventory	42,159	-	42,159	32,708
Contributions	35,422	-	35,422	27,647
Fundraising	15,387	-	15,387	13,222
Donated services	13,160	-	13,160	22,790
Federal health insurance credit	2,392	-	2,392	1,196
Reimbursed expenses	1,200	-	1,200	5,807
Net assets released from restrictions	<u>41,398</u>	<u>(41,398)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	662,238	7,602	669,840	715,046
EXPENSES				
Program services				
Healthy Families	168,779	-	168,779	103,008
Comprehensive Family Support	136,776	-	136,776	195,208
PREP	114,773	-	114,773	21,746
Parent Aide	111,840	-	111,840	83,747
Second Beginnings	64,321	-	64,321	51,283
Child Health	-	-	-	124,202
Home Visiting	-	-	-	114,598
Supervised Visitations	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,569</u>
	596,489	-	596,489	698,361
Management and general	<u>68,265</u>	<u>-</u>	<u>68,265</u>	<u>74,481</u>
TOTAL EXPENSES	664,754	-	664,754	772,842
CHANGE IN NET ASSETS	(2,516)	7,602	5,086	(57,796)
Net assets at Beginning of Year	<u>39,435</u>	<u>21,500</u>	<u>60,935</u>	<u>118,731</u>
NET ASSETS AT END OF YEAR	\$ <u>36,919</u>	\$ <u>29,102</u>	\$ <u>66,021</u>	\$ <u>60,935</u>

See independent accountant's review report and accompanying notes.

STATEMENT OF CASH FLOWS
GOOD BEGINNINGS OF SULLIVAN COUNTY, INC.
Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	Year Ended June 30, 2013			Year Ended June 30, 2012
	Unrestricted	Temporarily Restricted	Total	Totals (Memorandum)
OPERATING ACTIVITIES				
Change in net assets	\$ (2,516)	\$ 7,602	\$ 5,086	\$ (57,796)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities				
Depreciation	811	-	811	2,705
(Increase) decrease in operating assets:				
Grants and accounts receivable	3,440	(20,500)	(17,060)	(4,438)
Prepaid expenses	4,618	-	4,618	(2,034)
Increase (decrease) in operating liabilities:				
Accounts payable	(18,510)	-	(18,510)	19,505
Accrued expenses	(6,165)	-	(6,165)	3,115
Unemployment benefits payable	(3,152)	-	(3,152)	3,152
Advances refundable	(5,684)	-	(5,684)	9,916
Fiscal sponsor funds	(12)	-	(12)	(3,942)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(27,170)	(12,898)	(40,068)	(29,817)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of equipment	-	-	-	(5,680)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	-	-	(5,680)
FINANCING ACTIVITIES				
Principle payments on bank loan	-	-	-	(6,200)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	-	-	-	(6,200)
INCREASE (DECREASE) IN CASH	(27,170)	(12,898)	(40,068)	(41,697)
Beginning cash and cash equivalents	56,268	18,000	74,268	115,965
ENDING CASH AND CASH EQUIVALENTS	\$ 29,098	\$ 5,102	\$ 34,200	\$ 74,268

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Interest paid	\$ -	\$ 11
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See independent accountant's review report and accompanying notes.

SCHEDULE OF FUNCTIONAL EXPENSES
GOOD BEGINNINGS OF SULLIVAN COUNTY, INC.
Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

			Program Services						Year Ended June 30, 2012
	<u>Total All Services</u>	<u>Mgt. & General</u>	<u>Total</u>	<u>Healthy Families</u>	<u>Family Support</u>	<u>PREP</u>	<u>Parent Aide</u>	<u>Second Beginnings</u>	<u>Totals (Memorandum)</u>
Salaries and wages	\$ 405,760	\$ 49,568	\$ 356,192	\$ 101,242	\$ 85,721	\$ 61,325	\$ 73,215	\$ 34,689	\$ 437,904
Employee benefits	49,617	6,336	43,281	13,417	9,750	7,773	9,022	3,319	78,088
Occupancy	47,603	-	47,603	10,624	8,061	6,260	7,476	15,182	54,329
Professional fees	39,521	-	39,521	15,050	9,497	4,694	8,931	1,349	73,560
Payroll taxes	30,820	3,935	26,885	7,707	6,363	4,648	5,498	2,669	32,518
Supplies	28,277	4,703	23,574	4,072	7,597	9,496	684	1,725	26,070
Mileage reimb.	15,749	-	15,749	3,908	4,540	3,435	3,466	400	18,938
Advertising	13,639	1,108	12,531	-	-	10,153	-	2,378	6,294
Training & dev.	10,835	-	10,835	7,682	1,393	1,760	-	-	24,311
Telephone	8,135	-	8,135	2,112	1,553	1,233	1,423	1,814	7,774
Insurance	7,597	964	6,633	1,984	1,524	1,199	1,414	512	6,021
Printing	5,301	849	4,452	670	520	2,609	479	174	2,968
Postage	1,089	702	387	109	86	65	86	41	1,351
Depreciation	811	100	711	202	171	123	146	69	2,705
Interest	-	-	-	-	-	-	-	-	11
TOTAL EXPENSES	<u>\$ 664,754</u>	<u>\$ 68,265</u>	<u>\$ 596,489</u>	<u>\$ 168,779</u>	<u>\$ 136,776</u>	<u>\$ 114,773</u>	<u>\$ 111,840</u>	<u>\$ 64,321</u>	<u>\$ 772,842</u>

See independent accountant's review report and accompanying notes.

NOTES TO FINANCIAL STATEMENTS
GOOD BEGINNINGS OF SULLIVAN COUNTY, INC.
June 30, 2013

NOTE A -- ORGANIZATION

Good Beginnings of Sullivan County, 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, 2013, the Organization's revenue sources as a percentage of total revenue were federal, state and municipal grants 75%, and contributions and special event proceeds 25%.

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, 2013, 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.

NOTE B -- SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2013 advertising costs totaled \$13,639.

Property and Equipment: Property, equipment, and improvements with costs greater than \$500 are carried at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations as to how long the asset must be maintained, the Organization reports expirations of donor restrictions and reclassifies temporarily restricted net assets to unrestricted net assets when the donated or acquired assets are placed in service as instructed by the donor. 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, 2013 totaled \$811. Major maintenance activities are capitalized if they extend the life of the property or equipment.

Revenue Recognition: 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.

Contributed Services, Facilities and Materials: During the year ended June 30, 2013 the Organization received direct and indirect contributions of services, facilities and materials related to its programs and fundraising efforts. The Organization operates two thrift stores 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. Additionally, the Organization received contributed professional services totaling \$13,160 during the year ended June 30, 2013. The criterion for recognition of such volunteer effort under generally accepted accounting principles is that the services must be specialized skills that would be otherwise purchased if not donated. These contributed service revenues, and corresponding expenses, have been recognized in the accompanying statement of activities. No other amounts for donated services have been recognized in the accompanying statement of activities because the criteria for recognition under FASB ASC 958-605 have not been satisfied.

NOTES TO FINANCIAL STATEMENTS
GOOD BEGINNINGS OF SULLIVAN COUNTY, INC.
June 30, 2013

NOTE B -- SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Allocation of Expenses: 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. Accordingly, certain costs have been allocated between program services and supporting services.

Income Taxes: 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 Center's Forms 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2013, 2012 and 2011 are subject to examination by the IRS, generally for three years after they were filed. In accordance with FASB ASC 740-10, the Organization is under the opinion that there are no unsustainable positions that have been taken in regards to Federal or State income tax reporting requirements. Accordingly, management is not aware of any unrecognized tax benefits or liabilities that should be recognized in the accompanying statements.

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 \$66,260 as of June 30, 2013 are composed of the following balances and are deemed by management to be fully collectible:

Accounts receivable	\$39,868
Grants receivable	24,000
Federal Health Care Credit receivable	<u>2,392</u>
	<u>\$66,260</u>

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 were found to not have been made in compliance with the proposal, the Organization might be required to return this portion of funds to the grantor. As of June 30, 2013, there were no known disallowed expenditures and, therefore, no provision has been made for this contingency.

NOTES TO FINANCIAL STATEMENTS
GOOD BEGINNINGS OF SULLIVAN COUNTY, INC.
June 30, 2013

NOTE E -- SELF FUNDED UNEMPLOYMENT BENEFITS PAYABLE

The Organization elected to be self-funded for the purpose paying employee unemployment claims costs under the New Hampshire Department of Employment Security Statute Chapter 282-A:69 II. Accordingly, the Organization pays unemployment claims at the time an employee files for benefit payments rather than paying quarterly contributions to the New Hampshire unemployment fund. During the year ended June 30, 2013, the Organization paid \$3,152 related to a fiscal 2012 work force reduction plan. There was no further workforce reductions in fiscal 2013 and no plans for a reduction in 2014. Accordingly, no such liability has been recorded in these financial statements.

NOTE F -- BANK LINE OF CREDIT

The Organization has a bank line of credit in the amount of \$80,000. 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, 2013, the outstanding balance was \$0.

NOTE G -- OPERATING LEASE ARRANGEMENTS

On December 1, 2011 the Organization signed a facility lease agreement which expired on June 30, 2013. The lease agreement stipulates one twelve-month automatic renewal. The monthly rental payment is \$1,150, plus utilities and includes a real estate tax escalation clause. Total lease payments on this facility for the year ended June 30, 2013 were \$13,800. This lease was extended for a year beginning July 1, 2013 at a monthly rent payment is \$1,700.

On November 1, 2011 the Organization entered into a lease agreement for the lease of space to open an additional thrift store in a neighboring town. The lease stipulated a monthly rent payment of \$1,250 for an initial term of one year plus utilities. This lease was renewed on a month-to-month basis on November 1, 2012. The Organization terminated the lease as of March 31, 2013. Total lease payments on this facility for the year ended June 30, 2013 were \$11,250.

The Organization leases a photocopier with a minimum monthly rent of \$188 based on a maximum of 7,500 copies at 2.5 cents per copy. If the monthly usage exceeds 7,500, the organization pays the additional amount due at the per copy rate the following month. Total rental expense for the year-ended June 30, 2013 was \$2,250. Future minimum rental payments under the terms of the copier lease as of June 30, 2013 are \$2,256.

NOTES TO FINANCIAL STATEMENTS
GOOD BEGINNINGS OF SULLIVAN COUNTY, INC.
June 30, 2013

NOTE H -- 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 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, 2013 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 -- RESTRICTIONS ON ASSETS

Temporarily restricted net assets are available for the following purposes for the year ended June 30, 2013:

Women's Fund of NH, Healthy Families	\$20,000
Coit House, 2014 support	4,000
Couch Family Foundation, SHINE/PREP	<u>5,102</u>
	<u>\$29,102</u>

NOTE K -- SUBSEQUENT EVENTS

Management considered subsequent events through January 10, 2014, the date the financial statements were available to be issued.