

FAMILY CENTERS INC.  
FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

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# HAIMS, BUZZEO & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

STAMFORD, CONNECTICUT

NEW CANAAN, CONNECTICUT

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Family Centers Inc.  
Greenwich, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Family Centers Inc., which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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.

To the Board of Directors  
Family Centers Inc.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Centers Inc., as of June 30, 2016 and 2015, and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of expenditures of state financial assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our reports dated September 6, 2016, on our consideration of Family Centers Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Family Centers Inc., internal control over financial reporting and compliance.

Haims, Buzzeco + Company, P.C.

Certified Public Accountants

Stamford, CT  
September 6, 2016

FAMILY CENTERS INC.  
STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	JUNE 30,	
	2016	2015
<u>CURRENT ASSETS:</u>		
Cash and Cash Equivalents	\$ 341,161	\$ 453,204
Short Term Investments	786,894	615,271
Unconditional Promises to Give		
United Way Funding for the Next Fiscal Year	132,887	286,385
Accounts Receivable – Net of Allowance for Doubtful Accounts of \$57,712 and \$49,739	335,772	257,737
Grants Receivable	864,279	521,049
Contributions Receivable	750,000	-
Pledges Receivable	15,000	113,500
Due From FCITC Partners – Note 2	101,565	97,322
Project Development in Progress	-	261,814
Prepaid Expenses	152,259	161,046
<u>Total Current Assets</u>	<u>\$ 3,479,817</u>	<u>\$ 2,767,328</u>
<u>FIXED ASSETS</u> - Note 3	<u>\$ 5,199,675</u>	<u>\$ 4,562,891</u>
<u>LONG-TERM INVESTMENTS</u> - Note 4	<u>\$ 8,280,550</u>	<u>\$ 9,143,488</u>
<u>TOTAL ASSETS</u>	<u>\$ 16,960,042</u>	<u>\$ 16,473,707</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts Payable and Accrued Expenses	\$ 573,886	\$ 525,608
Note Payable - Current Portion - Note 5	20,521	7,072
Deferred Income	294,340	260,552
Refundable Advances	144,069	132,883
Security Deposits	216,220	116,906
<u>Total Current Liabilities</u>	<u>\$ 1,249,036</u>	<u>\$ 1,043,021</u>
<u>Long – Term Liabilities:</u>		
Note Payable – Less Current Portion – Note 5	23,186	6,467
<u>Total Liabilities</u>	<u>1,272,222</u>	<u>1,049,488</u>
<u>NET ASSETS:</u>		
Unrestricted Net Assets		
Undesignated	\$ 5,705,156	\$ 5,377,668
Special Events Designated by the Board for the Future Fiscal Years - Note 7	513,421	610,762
Designated by the Board for Endowment Purposes	3,369,688	3,687,029
<u>Total Unrestricted Net Assets</u>	<u>\$ 9,588,265</u>	<u>\$ 9,675,459</u>
Temporarily Restricted Net Assets - Note 6	1,345,477	560,684
Permanently Restricted Net Assets - Note 6	4,754,078	5,188,076
<u>Total Net Assets</u>	<u>\$ 15,687,820</u>	<u>\$ 15,424,219</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 16,960,042</u>	<u>\$ 16,473,707</u>

See accompanying notes and independent auditors' report.

FAMILY CENTERS INC.  
STATEMENTS OF ACTIVITIES

<u>UNRESTRICTED NET ASSETS</u>	<u>YEARS ENDED JUNE 30,</u>	
	<u>2016</u>	<u>2015</u>
<u>Undesignated Support, Revenues and Reclassifications</u>		
Contributions	\$ 844,886	\$ 916,022
Grant Income	6,779,522	6,281,401
Program Services - Note 8	3,915,777	3,518,241
Other Income	54,230	25,898
Investment Income	<u>526,000</u>	<u>567,032</u>
<u>Total Support and Revenues</u>	<u>\$ 12,120,415</u>	<u>\$ 11,308,594</u>
<u>Net Assets Released from Restrictions</u>		
United Way Funding for the Year	339,102	509,951
Board Designations Satisfied	861,655	923,476
Restrictions Satisfied By Time	209,291	408,635
Restrictions Satisfied By Payments	<u>3,500</u>	<u>-</u>
<u>Total Unrestricted Support, Revenues and Reclassifications</u>	<u>\$ 13,533,963</u>	<u>\$ 13,150,656</u>
<u>Expenses</u>		
<u>Program Services:</u>		
Health Care Connections	\$ 4,435,417	\$ -
FC Healthcare	279,141	-
Families in Crisis	-	3,191,429
Early Education	3,655,093	-
Bright Beginnings	-	5,745,346
Thriving Families and Communities	2,882,052	-
Fostering Independence	<u>-</u>	<u>2,097,553</u>
<u>Total Program Services</u>	<u>\$ 11,251,703</u>	<u>\$ 11,034,328</u>
<u>Supporting Services:</u>		
FCITC	374,628	358,122
General and Administrative	858,513	978,901
Fund Raising	<u>721,631</u>	<u>705,018</u>
<u>Total Expenses</u>	<u>\$ 13,206,475</u>	<u>\$ 13,076,369</u>
<u>Net Increase in Unrestricted Undesignated Net Assets</u>	<u>327,488</u>	<u>74,287</u>
<u>Board Designated</u>		
Special Events - Note 7	\$ 764,314	\$ 1,008,249
Realized and Unrealized Gains (Losses) on Investments	(317,341)	(253,875)
Board Designations Satisfied	<u>(861,655)</u>	<u>(923,476)</u>
<u>Net Decrease in Unrestricted Board Designated Net Assets</u>	<u>(\$ 414,682)</u>	<u>(\$ 169,102)</u>
<u>Net Decrease in Unrestricted Net Assets</u>	<u>(\$ 87,194)</u>	<u>(\$ 94,815)</u>
<u>TEMPORARILY RESTRICTED NET ASSETS:</u>		
United Way and Community Funds Funding	\$ 132,887	\$ 286,385
Contributions for Future Periods	1,202,230	270,387
Investment Income	1,569	1,926
<u>Net Assets Released from Restrictions:</u>		
United Way Funding for the Year	(339,102)	(509,951)
Restrictions Satisfied by Time	(209,291)	(408,635)
Restrictions Satisfied by Payments	<u>(3,500)</u>	<u>-</u>
<u>Net Increase (Decrease) in Temporarily Restricted Net Assets</u>	<u>784,793</u>	<u>(\$ 359,888)</u>
<u>PERMANENTLY RESTRICTED NET ASSETS:</u>		
Realized and Unrealized Gains (Losses) on Investments	(\$ 433,998)	(\$ 356,974)
<u>Net Decrease in Permanently Restricted Net Assets</u>	<u>(\$ 433,998)</u>	<u>(\$ 356,974)</u>
<u>Increase (Decrease) in Net Assets</u>	<u>263,601</u>	<u>(811,677)</u>
<u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>15,424,219</u>	<u>16,235,896</u>
<u>NET ASSETS AT END OF YEAR</u>	<u>\$ 15,687,820</u>	<u>\$ 15,424,219</u>

See accompanying notes and independent auditors' report.

FAMILY CENTERS INC.

STATEMENTS OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2016 AND JUNE 30, 2015

	Health Care Connections	FC Healthcare	Early Education	Thriving Families and Communities	Total Program Services	FC/FC	General and Administrative	Fund Development	Total Support Services	2015-2016 Total Expenses	2014-2015 Total Expense
Salaries	\$ 2,471,158	\$ 185,513	\$ 2,377,313	\$ 1,716,275	\$ 6,750,259	\$ 20,630	\$ 410,697	\$ 497,387	\$ 928,714	\$ 7,678,973	\$ 7,490,951
Employee Benefits	325,463	18,967	302,593	217,812	864,835	3,851	57,632	62,172	123,655	988,490	863,251
Payroll Taxes	202,914	14,564	193,657	140,133	551,268	1,837	33,621	40,688	76,146	627,414	626,211
<b>Total</b>	<b>\$ 2,999,535</b>	<b>\$ 219,044</b>	<b>\$ 2,873,563</b>	<b>\$ 2,074,220</b>	<b>\$ 8,166,362</b>	<b>\$ 26,318</b>	<b>\$ 501,950</b>	<b>\$ 600,247</b>	<b>\$ 1,128,515</b>	<b>\$ 9,294,877</b>	<b>\$ 8,980,422</b>
Contract Service Fees	\$ 873,534	\$ 350	\$ 33,540	\$ 53,687	\$ 961,111	\$ 298	\$ 150	\$ -	\$ 448	\$ 961,559	\$ 996,081
Supplies	40,786	10,920	281,751	32,636	366,093	3,279	37,902	3,649	44,830	410,923	428,981
Professional Development	23,408	3,825	14,163	9,867	51,263	1,782	20,949	24,086	46,817	98,080	98,691
Student/Family/Client Activity	1,631	-	14,931	3,833	20,395	-	-	-	-	20,395	22,231
Travel & Auto Expenses	8,127	939	3,213	20,615	32,894	707	11,415	1,143	13,265	46,159	49,921
Client Assistance	98,621	-	47	415,065	513,733	-	-	-	-	513,733	600,111
Telecommunications	23,607	4,613	18,670	35,609	82,499	31,074	7,104	6,365	44,543	127,042	105,471
Postage/Delivery Service	2,066	599	1,427	1,588	5,680	300	8,170	1,034	9,504	15,184	21,591
Occupancy	81,474	255	171,274	49,072	302,075	-	40,300	15,200	55,500	357,575	405,711
Equipment Maintenance & Rental	21,027	490	24,985	18,674	65,186	-	8,614	15,628	24,242	89,428	87,500
Public Awareness	18,140	2,763	20,596	17,843	59,342	268	23,666	11,344	35,278	94,620	104,511
Professional Fees - Admin	3,010	4,300	-	-	7,310	-	102,766	-	102,766	110,076	174,821
Professional Fees - Computer	16,735	-	-	701	17,436	182,041	999	250	183,290	200,726	216,111
Hardware/Software Support	-	10,577	3,720	1,635	15,932	114,408	(1,625)	5,243	118,026	133,958	78,221
Membership Dues	9,959	402	7,177	5,582	23,120	147	1,805	1,895	3,847	26,967	30,621
Insurance	47,740	2,935	42,468	31,031	124,174	578	7,688	8,738	17,004	141,178	123,631
Bank Fees	-	-	10	20	30	-	41,662	25	41,687	41,717	41,571
Bad Debts	2,300	-	7,700	-	10,000	-	-	-	10,000	10,000	9,951
Miscellaneous Expense	4,758	7,125	4,870	7,090	23,843	-	14,231	923	15,154	38,997	34,881
<b>Total Expenses</b>	<b>\$ 4,276,468</b>	<b>\$ 269,137</b>	<b>\$ 3,524,105</b>	<b>\$ 2,778,768</b>	<b>\$ 10,848,478</b>	<b>\$ 361,200</b>	<b>\$ 827,746</b>	<b>\$ 695,770</b>	<b>\$ 1,884,716</b>	<b>\$ 12,733,194</b>	<b>\$ 12,611,091</b>
Before Depreciation											
Depreciation	158,949	10,004	130,988	103,284	403,225	13,428	30,767	25,861	70,056	473,281	465,271
<b>Total Expenses</b>	<b>\$ 4,435,417</b>	<b>\$ 279,141</b>	<b>\$ 3,655,093</b>	<b>\$ 2,882,052</b>	<b>\$ 11,251,703</b>	<b>\$ 374,628</b>	<b>\$ 858,513</b>	<b>\$ 721,631</b>	<b>\$ 1,954,772</b>	<b>\$ 13,206,475</b>	<b>\$ 13,076,362</b>

See accompanying notes and independent auditors' report

## FAMILY CENTERS INC.

## STATEMENTS OF CASH FLOWS

	YEARS ENDED JUNE 30,	
	2016	2015
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 263,601	(\$ 811,677)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	473,281	465,273
Realized and Unrealized (Gain) Loss on Sale of Investments	751,339	610,849
Changes in Assets and Liabilities:		
Accounts Receivable	(78,035)	12,480
Unconditional Promises to Give	153,498	200,429
Grants Receivable	(343,230)	86,682
Contributions Receivable	(750,000)	-
Pledges Receivable	98,500	(113,500)
Due From FCITC Partners	(4,243)	48,595
Project Development in Progress - FCITC	261,814	(261,814)
Prepaid Expenses	8,787	(76,138)
Accounts Payable and Accrued Expenses	48,278	(187,186)
Security Deposits	99,314	2,551
Deferred Income	33,788	(52,792)
Refundable Advances	11,186	60,850
<u>Total Adjustments</u>	<u>\$ 764,277</u>	<u>\$ 796,279</u>
<u>Net Cash Provided By (Used In) Operating Activities</u>	<u>1,027,878</u>	<u>(15,398)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Short-Term Investments – Net	(171,623)	709,572
Purchases of Investments	(626,611)	(414,813)
Sales of Investments	738,210	579,032
Capital Expenditures	(1,110,065)	(570,681)
<u>Net Cash (Used In) Provided By Investing Activities</u>	<u>(\$ 1,170,089)</u>	<u>\$ 303,110</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds Note Payable	47,779	18,859
Principal Payments on Note Payable	(17,611)	(5,320)
<u>Net Cash Provided By Financing Activities</u>	<u>30,168</u>	<u>13,539</u>
<u>Net (Decrease) Increase in Cash</u>	<u>(\$ 112,043)</u>	<u>\$ 301,251</u>
Cash – Beginning	453,204	151,953
<u>CASH - END OF YEAR</u>	<u>\$ 341,161</u>	<u>\$ 453,204</u>
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOWS:</u>		
Cash Paid During the Year for:		
Interest	\$ -	\$ -

See accompanying notes and  
independent auditors' report.



FAMILY CENTERS INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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NOTE 1 -- NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Family Centers Inc. is a not-for-profit-corporation and is exempt from Federal taxes under section 501 (c) (3) and 509 (a) of the Internal Revenue Code. Family Centers Inc. (The Center) is the resulting organization of a merger on April 1, 1995, between The Family Center Inc. and Family & Children's Services, Inc., on November 1, 2005 between Family Centers Inc. and Center for HOPE, Inc., on July 1, 2008 between Family Centers Inc. and Healthcare Connection, Inc., and on July 1, 2013 between Family Centers Inc. and Literacy Volunteers Stamford/Greenwich Inc. Family Centers Inc.'s mission is to empower children, adults, families and communities to reach their potential.

Summary of Significant Accounting Policies

Accounting

The Center's financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Accounts Receivable and Allowance for Uncollectible Accounts

Accounts Receivable consists of program service fees charged to clients for clinical, infant day care, childcare services, contracted services and employee assistance services.

The Center uses the allowance method to determine uncollectible accounts. The Center's allowance for doubtful accounts is based on management's estimates of the creditworthiness of its client's, current economic conditions and historical information.

Net Asset Classifications

The Center reports information regarding its financial position and activities according to three net assets classifications: unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets are not restricted by donors, or the donor imposed restrictions have expired. The unrestricted net assets include all funds over which the Board of Directors has full discretion as to use. The Board has designated a portion of the unrestricted net assets for Endowment Purposes and Special Events Designated for Future Years.

Temporarily restricted net assets include funds that are subject to time or purpose restrictions designated by the donor or grantor which cannot be changed by the Board. When the time or purpose restriction is satisfied, the temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions.

FAMILY CENTERS INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Permanently restricted net assets include endowment funds established by donors. The permanently restricted net assets balance reflects the principal amounts of these endowments. Income generated by the endowment funds may be subject to time or purpose restrictions designated by the donor or by operation by law. Such income is reflected in the accompanying statement of activities as either temporarily restricted or unrestricted income.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 Center considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents, except for those short-term investments managed by the Center's investment managers as part of their long-term investment strategies.

The Center maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Center has not experienced any losses in such accounts. The Center believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments are recorded at fair value based on published market value or net assets values as determined by the investment manager. Interest and dividends are recorded on the accrual basis. Realized gains or losses from investment transactions are recorded upon the sale or maturity of the related securities and are reflected in the statement of activities and changes in net assets. Interest, dividends and gains and losses on investments are reflected in the statement of activities and changes in net assets as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Distribution Policy

Annual endowment distributions to support the Center's operations shall be up to 5% of the value of the fund as measured by a rolling average of the quarter-end market values of the trailing 12 quarters.

FAMILY CENTERS INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Fixed Assets and Depreciation

The Center follows the practice of capitalizing all expenditures for land, buildings and equipment in excess of \$5,000 at cost; the fair market value of donated property is similarly capitalized. Fixed assets are depreciated over their estimated useful lives by 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.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other 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.

Early education fees are recognized as earned in the period services are provided. Charges for services not yet provided are recorded as deferred income.

Income from special events is recognized in the year designated through the budget approval process by the Board of Directors for use of the funds.

Grants from Government Agencies

Grants from government agencies are conditioned upon the Center incurring certain qualifying costs and are recognized as revenue as those costs are incurred.

Income Taxes

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 as amended; thus no provision for federal income taxes has been made. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Organizations Income Tax Return (Form 990) has not been examined for the past three years.

NOTE 2 – DUE FROM FCITC PARTNERS

This represents amounts due Family Centers Inc. for expenses they paid on behalf of the Information System Collaboration with Family and Children's Agency and LifeBridge Community Services.

FAMILY CENTERS INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 3 – FIXED ASSETS

Fixed assets together with original cost, accumulated depreciation, book value and estimated lives, consist of the following:

	<u>Useful Life</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Land	-----	\$ 1,782,676	\$ 1,782,676
Buildings:			
Arch Street	----	25,695	25,695
Bridge Street	30 Years	1,254,648	1,254,648
St. Roch	39 Years	576,284	576,284
Gateway	39 Years	534,753	534,753
Stamford	30 Years	288,325	288,325
Center for Hope	39 Years	366,953	366,953
Buildings and Ground Improvements	10 and 30 Years	3,851,079	3,218,193
Equipment, Furniture and Fixtures	5, 7 and 10 Years	<u>2,218,935</u>	<u>1,741,756</u>
<u>Total</u>		<u>\$ 10,899,348</u>	<u>\$ 9,789,283</u>
Less Accumulated Depreciation		<u>5,699,673</u>	<u>5,226,392</u>
<u>Fixed Assets - Net</u>		<u>\$ 5,199,675</u>	<u>\$ 4,562,891</u>

NOTE 4 – FAIR VALUE MEASUREMENTS

Accounting principles establish a framework for measuring fair value. That framework sets forth a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Family Centers Inc. has the ability to access.

Level 2 – Inputs to the valuation methodology that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs to the valuation methodology that are unobservable and supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

An asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

FAMILY CENTERS INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

<u>June 30, 2016</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments are composed of the following:				
Exchange Traded & Closed End Funds	\$ 270,187	\$ 270,187	\$ -	\$ -
Corporate Stocks and Bonds	195,086	195,086	-	-
Cash and Cash Equivalents	44,177	44,177	-	-
TIFF Mutual Asset Fund	7,195,010	-	7,195,010	-
Mutual Funds	76,090	76,090	-	-
Note Receivable	500,000	-	-	500,000
<u>Total</u>	<u>\$ 8,280,550</u>	<u>\$ 585,540</u>	<u>\$ 7,195,010</u>	<u>\$ 500,000</u>

<u>June 30, 2015</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments are composed of the following:				
Exchange Traded & Closed End Funds	\$ 490,013	\$ 490,013	\$ -	\$ -
Corporate Stocks and Bonds	332,800	332,800	-	-
Cash and Cash Equivalents	12,517	12,517	-	-
TIFF Mutual Asset Fund	7,772,924	-	7,772,924	-
Mutual Funds	35,234	35,234	-	-
Note Receivable	500,000	-	-	500,000
<u>Total</u>	<u>\$ 9,143,488</u>	<u>\$ 870,564</u>	<u>\$ 7,772,924</u>	<u>\$ 500,000</u>

In September 2007 the Center made a Five Hundred Thousand (\$500,000) Dollar investment from its endowment in a shared appreciation loan secured by a mortgage on a residence in Greenwich, Connecticut which was being purchased by a key senior level employee. In approving this real estate related investment, the Board also considered the additional benefits of retaining this key employee and to having a senior level executive living in the community where the Center has 5 buildings out of which many of its programs operate so he would be available to handle emergency situations during off hours. The loan plus 50% of the appreciated value of the residence over its purchase price is payable upon the earlier of a sale of the residence, the termination of the executive's employment for any reason or the executive's ceasing to occupy the premises as his principal residence.

FAMILY CENTERS INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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NOTE 5 – NOTE PAYABLE

Family Centers Inc. entered into an interest free loan agreement with Connecticut Light and Power in the amount of \$18,859.25 for an energy efficient project at 60 Palmers Hill Road. The term on the loan is 32 months commencing in October 2014. Monthly payments of \$589.35 consist of principal only. The balance due as of June 30, 2016 was \$6,467.

Family Centers Inc. entered into an interest free loan agreement with Connecticut Light and Power in the amount of \$18,885.50 for an energy efficient project at 20 Bridge Street. The term on the loan is 48 months commencing in October 2015. Monthly payments of \$250.86 consist of principal only. The balance due as of June 30, 2016 was \$9,784.

Family Centers Inc. entered into an interest free loan agreement with Connecticut Light and Power in the amount of \$11,688.95 for an energy efficient project at 2 Chapel Street. The term on the loan is 47 months commencing in October 2015. Monthly payments of \$158.13 consist of principal only. The balance due as of June 30, 2016 was \$6,009.

Family Centers Inc. entered into an interest free loan agreement with Connecticut Light and Power in the amount of \$12,438.23 for an energy efficient project at 22 Bridge Street. The term on the loan is 30 months commencing in October 2015. Monthly payments of \$261.01 consist of principal only. The balance due as of June 30, 2016 was \$5,481.

Family Centers Inc. entered into an interest free loan agreement with Connecticut Light and Power in the amount of \$15,522.21 for an energy efficient project at 40 Arch Street. The term on the loan is 35 months commencing in October 2015. Monthly payments of \$275.26 consist of principal only. The balance due as of June 30, 2016 was \$7,157.

Family Centers Inc. entered into an interest free loan agreement with Connecticut Light and Power in the amount of \$17,059.72 for an energy efficient project at 590 Post Road. The term on the loan is 48 months commencing in October 2015. Monthly payments of \$225.89 consist of principal only. The balance due as of June 30, 2016 was \$8,810.

Current Maturities of note payable over the next four years are as follows:

2017	\$	20,521
2018		13,271
2019		8,170
2020		1,745

FAMILY CENTERS INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 6 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

	June 30,	
	<u>2016</u>	<u>2015</u>
Alissa Manacher Fund	\$ 1,688	\$ 8,610
United Way Funding for Next Year	132,887	286,385
Contributions for Future Years	<u>1,210,902</u>	<u>265,689</u>
	<u>\$ 1,345,477</u>	<u>\$ 560,684</u>

Permanently restricted net assets consist of the following:

	June 30,	
	<u>2016</u>	<u>2015</u>
Endowment Fund	\$ 4,476,116	\$ 4,923,075
Lynn Laitman Fund	110,536	105,088
Alissa Manacher Fund	15,000	15,000
Schulman Enrichment Fund	97,215	92,423
Thomas Burnett Campership	<u>55,211</u>	<u>52,490</u>
	<u>\$ 4,754,078</u>	<u>\$ 5,188,076</u>

NOTE 7 – SPECIAL EVENTS

Periodically, the Center holds fund raising events. Net Income from special events is separated into Unrestricted Income and Board Designated. The Board of Directors designates in which year the proceeds will be used or for what purposes the funds are to be used for.

A summary of special events' revenues and expenses is as follows:

<u>Events During Year Ended June 30, 2016</u>	<u>Income</u>	<u>Expense</u>	<u>Net Income</u>
South Pacific	\$ 33,100	\$ 15,375	\$ 17,725
Hippies and Harleys	660,759	147,338	513,421
Center for HOPE	178,670	25,586	153,084
Scrabble	98,215	23,631	74,584
Ailes Breakfast	5,500	-	5,500
	<u>\$ 976,244</u>	<u>\$ 211,930</u>	<u>\$ 764,314</u>

<u>Events During Year Ended June 30, 2015</u>	<u>Income</u>	<u>Expense</u>	<u>Net Income</u>
South Pacific	\$ 869,582	\$ 166,820	\$ 702,762
Chinatown	46,555	18	46,537
Center for HOPE	173,275	22,783	150,492
Scrabble	14,000	1,000	13,000
Devine Breakfast	77,610	12,552	65,058
Ailes Breakfast	35,250	5,075	30,175
80's Prom	225	-	225
	<u>\$ 1,216,497</u>	<u>\$ 208,248</u>	<u>\$ 1,008,249</u>

FAMILY CENTERS INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 7 – SPECIAL EVENTS (Continued)

Changes in Board designated special events are as follows:

Balance - July 1, 2014	\$	525,989
Income Year ended June 30, 2015		1,008,249
Board Designated for Operations - June 30, 2015		<u>(923,476)</u>
<u>Board Designated for Future Year - June 30, 2015</u>	\$	610,762
Income Year ended June 30, 2016		764,314
Board Designated for Operations - June 30, 2016		<u>(861,655)</u>
<u>Balance - June 30, 2016</u>	\$	<u>513,421</u>

NOTE 8 – PROGRAM SERVICES

Fees received by the Center for services provided are from the following services:

	June 30,	
	<u>2016</u>	<u>2015</u>
Health Care Connections	\$ 1,312,966	\$ -
Families in Crisis	-	843,597
Early Education	1,753,806	-
Bright Beginnings	-	1,964,273
Thriving Families and Communities	835,143	-
Fostering Independence	-	696,617
General and Administrative	<u>13,862</u>	<u>13,754</u>
	<u>\$ 3,915,777</u>	<u>\$ 3,518,241</u>

NOTE 9 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program and supporting services has been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited. Overhead expenses including occupancy, telephone and insurance are allocated to functional areas based upon space used or actual usage if specifically identifiable. The allocations of salary and related expenses for management and supervision of program service functions are made by management based on the estimated time spent by executive on the various program service functions.

*Reclassifications*

Certain prior period amounts have been reclassified to conform with the current year presentations.



FAMILY CENTERS INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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NOTE 10 – DONATED SERVICES AND FACILITIES

According to accounting principles generally accepted in the United States of America, contributed services should be recognized in the financial statements if the services create or enhance nonfinancial assets, or meet all of the following criteria: (1) require special skills; (2) providers possess the skills; (3) would be purchased if not donated. The Center receives a significant amount of donated services in connection with its program and management and general activities. Those services do not meet the criteria for recognition and, accordingly, are not reflected in the financial statements.

The Center received use of office space for the medical clinic valued at \$46,475 and also classroom space valued at \$88,830 from The Greenwich Housing Authority. The Center also received vaccines from the Department of Public Health valued at \$40,730.

NOTE 11 – RETIREMENT PLAN

The Center maintains a 403(b) thrift plan covering all eligible employees. The Center's defined contribution is calculated at a 4% contribution rate plus an amount equal to the employee contribution up to 2% of compensation during the plan year.

The employer retirement expense as of June 30, 2016 was \$315,908.

NOTE 12 – CONTINGENCIES – GOVERNMENT AUDITS

The Center receives a substantial amount of its support from Federal and State grants. A significant reduction in the level of this support may have an effect on the Centers programs.

The Center's various grants and contracts are subject to audit by appropriate governmental agencies. Acceptance of final costs incurred under these grants and contracts resides with the grantors. As of the date of these statements, the adjustments to final costs are not material. There are no costs remaining as unresolved "questioned costs" as of June 30, 2016.

NOTE 13 – LITIGATION

There is a civil action against the Organization regarding workers compensation premium audit. The pleadings remain open and no discovery has been conducted to date. A jury trial date is scheduled to commence on January 24, 2017. At this time, it is impracticable to render an opinion about whether the likelihood of an unfavorable outcome is probable or remote, or as to the amount or range of potential loss in the event an action or proceeding is commenced.

NOTE 14 – SUBSEQUENT EVENTS

The Center has evaluated events subsequent to the balance sheet date for potential recognition or disclosure through September 6, 2016, the date which the financial statements were available to be issued.