In Control Family Foundation, Inc.

Financial Statements

December 31, 2022

In Control Family Foundation, Inc.

Contents

December 31, 2022

FRITZ DEGUGLIELMO LLC
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
In Control Family Foundation, Inc.
Lexington, Massachusetts

Opinion

We have audited the accompanying financial statements of In Control Family Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of In Control Family Foundation, Inc. as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of In Control Family Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about In Control Family Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 In Control Family Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about In Control Family Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Fritz O'Geghalan LLC

Certified Public Accountants

Newburyport, Massachusetts

May 2, 2023

In Control Family Foundation, Inc.

Statement of Financial Position

December 31, 2022

ASSETS		
Current Assets		
Cash and cash equivalents	$	266,840
Accounts receivable		21,874
Prepaid expenses		5,567
Total Current Assets		294,281
Non-current Assets		
Right-of-use leased assets, net		21,334
Property and equipment, net		4,079
		25,413
Total Assets	$	319,694
LIABILITIES AND NET ASSETS		
Current Liabilities		
Lease liability, current portion	$	18,454
Accounts payable and accrued expenses		23,919
Deferred revenues		27,790
Gift certificates		82,467
Total Current Liabilities		152,630
Non-current Liabilities		
Lease liability, non-current portion		3,811
Total Liabilities		156,441
Net Assets		
Without donor restrictions		163,253
With donor restrictions		-
Total Net Assets		163,253
Total Liabilities and Net Assets	$	319,694

In Control Family Foundation, Inc.

Statement of Activities

For the year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Program service fees	$ 570,152	$ -	$ 570,152
Grants and contributions	67,212	-	67,212
In-kind donation	2,455	-	2,455
Other income	2,506	-	2,506
Net assets released from restrictions	-	-	-
Total Revenue and Support	642,325	-	642,325
Expenses			
Program services	459,881	-	459,881
Management and general	151,575	-	151,575
Fundraising	30,574	-	30,574
Total Expenses	642,030	-	642,030
Change in Net Assets	295	-	295
Net Assets – Beginning of Year as previously reported	163,790	-	163,790
Cumulative effect of a change in accounting principle (see Note A)	(832)	-	(832)
As restated	162,958	-	162,958
Net Assets – End of Year	$ 163,253	$ -	$ 163,253

In Control Family Foundation, Inc.

Statement of Functional Expenses

For the year ended December 31, 2022

	Programs	Management and General	Fund-raising	Total
Payroll and related expenses	$ 269,844	$ 121,220	$ 6,549	$ 397,613
Advertising and marketing	8,395	2,414	165	10,974
Automobile expense	26,392	405	270	27,067
Bank and credit fees	7,312	-	-	7,312
Commissions	21,711	-	-	21,711
Depreciation and amortization	17,995	1,564	-	19,559
Dues and subscriptions	-	145	-	145
Fundraising expense	-	-	63	63
Insurance	28,281	6,851	-	35,132
Interest	1,918	-	-	1,918
Occupancy	35,521	6,132	634	42,287
Office expenses	11,595	2,333	212	14,140
Other	399	853	-	1,252
Outside services	3,536	1,017	22,570	27,123
Professional fees	-	7,350	-	7,350
Program expenses	1,387	-	-	1,387
Repairs and maintenance	9,586	-	-	9,586
Supplies	7,258	-	-	7,258
Telephone	5,973	1,291	111	7,375
Travel	2,778	-	-	2,778
Total Expenses	$ 459,881	$ 151,575	$ 30,574	$ 642,030

See accompanying notes to financial statements and independent auditor's report.

In Control Family Foundation, Inc.

Statement of Cash Flows

For the year ended December 31, 2022

Cash Flows from Operating Activities	
Change in net assets	$ 295
Adjustments to reconcile change in net assets to cash (used in) provided by operating activities:	
Depreciation and amortization	19,559
Accounts receivable	(2,426)
Other receivable	12,610
Prepaid expenses	(1,345)
Accounts payable and accrued expenses	(17,965)
Deferred revenues	(8,689)
Gift certificates	(3,018)
Net Cash Used in Operating Activities	(3,434)
Financing Activities	
Repayments of lease payments for right-of-use assets	(17,751)
Net Cash Used in Financing Activities	(17,751)
Net decrease in cash	(21,185)
Cash and cash equivalents, beginning of year	288,025
Cash and cash equivalents, end of year	$ 266,840
Supplemental Data:	
Taxes paid	$ -
Interest paid	$ 1,918

NOTE A – BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

In Control Family Foundation, Inc. ("the Organization"), formed on November 18, 2011, is a non-profit 501 (c)(3) tax-exempt corporation. The Organization's mission is to teach crash prevention driver training using hands-on training as well as classroom education. Its program is modeled after a driver training program for state police agencies and ambulance crews. The Organization is also licensed by the Commonwealth of Massachusetts to conduct "Driver Skills Development Programs," which offer crash prevention training.

Basis of Accounting

The Organization's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under that method, revenue and gains are recognized when earned, and expenses and losses are recognized when incurred.

Cumulative Effect of Change in Accounting Principle

The Organization has fully implemented *ASC 842 Leases*. ASC 842 requires the present value of long-term leases to be recorded as an asset of the Organization and future lease payments to be recorded as a liability. The asset is required to be amortized ratably over the lease term and lease payments are allocated between interest expense and liability payments. Previously, operating lease payments were expensed as incurred with no corresponding asset or liability recorded. The significant impact to the Organization's financial statements is to the Statement of Financial Position. The beginning net assets on the Statement of Activities as a result of the cumulative effect of this change in accounting principle decreased in the amount of $832 from the amount previously reported in the financial statements for the year ended December 31, 2021 to $162,958.

Net Assets

The Organization classifies net assets, revenues, gains and losses based on the existence or absence of donor or grantor-imposed restrictions. Consequently, net assets and changes therein are classified and reported as follows:

- Net Assets without donor restrictions represent the portion of net assets available for use in general operations and not subject to donor or certain grantor restrictions. Additionally, gains and investment income are treated as unrestricted revenue unless specifically restricted by the donor or by law.

- Net assets with donor restrictions represent the portion of net assets subject to donor or certain grantor-imposed restrictions. Certain donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources to be maintained in perpetuity. Donor-imposed restrictions are released and are reclassified to net assets without donor restrictions when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources were restricted has been fulfilled, or both.

NOTE A – BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Revenue Recognition

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions that are released from restriction in the same year received are recorded as net assets without donor restrictions.

The Organization reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, The Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services are recognized if the services received create or enhance a non-financial asset or require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. When significant, donated securities, materials, equipment and services are reflected as contributions in the accompanying statements at their estimated value at the date of receipt.

Program service revenue is comprised of funding from clients and insurance payments for crash prevention driver training classes. The revenue is recognized when the client participates in a crash prevention driver training class.

Functional Allocation of Expenses

The Organization allocates expenses on a functional basis among its programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly to those classifications. Expenses common to several functions are allocated in accordance with the Organization’s indirect cost allocation plan. Supporting services are those costs related to operating and managing the Organization’s programs on a day-to-day basis. Supporting services have been sub-classified as follows:

Management and general – includes all activities related to the Organization’s internal management and accounting for program services and the overall support and direction of its programs.

Fundraising – includes all activities related to maintaining contributor information, donor relations and recognition events, writing grant proposals, distributions of materials, and other similar projects related to the procurement of funds for the Organization’s programs. Fundraising expenses also include the direct and indirect costs of special fundraising events.

Allocation of functional expenses is based on management’s discretion, time studies and estimates. Compensation and benefits are allocated on the basis of estimates of time and effort. Occupancy costs are allocated on a square footage basis. These variables may change from year to year.

NOTE A – BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management's Review

In preparing these financial statements, the Organization's management has evaluated events and transactions for potential recognition of disclosure through May 2, 2023, the date the financial statements were available to be issued.

Cash and equivalents

For financial statement purposes, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. From time to time, the Organization may maintain bank account balances in banks in excess of the federally insured limits.

Accounts Receivable

Accounts receivable consist of program service revenues billed but not yet collected. All accounts receivable are considered collectible by management.

Property and Equipment

Property and equipment are capitalized at cost, if purchased, or at fair market value at the date of receipt, if donated. Acquisition of property and equipment in excess of $2,500 are capitalized. Equipment is depreciated under the straight-line method using lives between 5 and 7 years.

Expenditures for maintenance and repairs are charged against operations as incurred. Renewals and betterments that materially extend the life of an asset are capitalized. Depreciation expense for the year ended December 31, 2022 was $1,710.

Deferred Revenue

Income from program service fees is deferred and recognized over the periods to which the fees relate. Deferred revenues at December 31, 2022 consisted of prepaid program service fees.

Gift Certificates

Income from the sale of gift certificates is deferred and recognized when they are redeemed and services are provided. At December 31, 2022, unused gift certificates outstanding totaled $82,467.

NOTE A – BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-kind Donations

In-kind donations are recorded as unrestricted support unless explicit donor stipulations specify how the donations must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Advertising and Marketing

Advertising and marketing costs are expensed as incurred. For the year ended December 31, 2022, advertising costs of $10,974 were charged to expense.

NOTE B – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the Statement of Financial Position date, comprise the following:

Cash	$266,840
Accounts receivable	21,874
	$288,714

As of December 31, 2022, the Organization did not have any borrowing commitments.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment for the year ended December 31, 2022 was as follows:

	2022
Machinery and equipment	$ 22,507
Website	9,093
Furniture and fixtures	1,500
	33,100
Less: Accumulated depreciation	(29,021)
Net Property and Equipment	$ 4,079

NOTE D –LEASED VEHICLES

The Organization has operating lease agreements to lease vehicles for its training classes. All of its leases qualifying as long-term leases are recorded in accordance with *ASC 842 Leases*. The Organization calculated all lease assets and liabilities in effect at January 1, 2022 and recorded a cumulative effect from the change as a decrease in net assets of $832.

During calendar year 2021, the Organization entered in vehicle leases for program use, four leases commencing March 25, 2021 and two commencing April 19, 2021 through 2024. At the end of the lease term the Organization has the option to purchase the vehicles. Because the leases did not have a stated interest rate, the Organization utilized an interest rate to calculate its asset value of 6% on the original leases. This rate represents the current automobile borrowing rate.

Lease agreements are summarized as follows:

Describe	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Asset/Liability	Accum. Amort. 12/31/2022	Net Asset 12/31/2022	Liability Balance 12/31/2022
Vehicles	various	3 years	$ 28,532	6.00%	$ 53,548	$ 32,215	$ 21,334	$ 22,265

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending 31-Dec	Principal	Interest	Total
2023	$ 18,454	$823	$ 19,277
2024	3,811	21	3,832
2025	-	-	-
2026	-	-	-
2027	-	-	-
Thereafter	-	-	-
	$ 22,265	$ 844	$ 23,109

For the year ended December 31, 2022, total amortization expense of leased assets was $32,215 and total interest expense on lease liability was $1,918.

NOTE E – OPERATING LEASE

The Organization leases program facilities on a month-to-month basis and site locations on a day-to-day basis. Total rent expense for office space and facilities for the year ended December 31, 2022 was $3,633.

NOTE F – LICENSE AGREEMENT

The Organization has entered into a revocable license agreement to use a portion of an airfield for its driving programs. The term of the license agreement is for 12-months, cancellable by either party. Historically, the licensor has granted six-month extension under this agreement. The license agreement was renewed at the end of its term in 2022. However, the license agreement was modified and extended by an eighth amendment expiring on June 30, 2024. The eighth amendment extension is through June 30, 2024 at a monthly license fee of $3,000.

NOTE G – INCOME TAX STATUS

The Organization is organized and operated exclusively for charitable purposes. Income related to its charitable purpose is exempt from federal and state income taxes under the provisions of section 501(c)(3) of the Internal Revenue Code.

The Organization has adopted the application of the provisions of FASB ASC 740-10 (formerly FASB Interpretation No. 48, "*Accounting For Uncertainty in Income Taxes"*). The primary tax positions made by the Organization are the existence/non-existence of Unrelated Business Income Tax and the Organization's status as an exempt organization under section 501(c)(3) of the Internal Revenue Code. The Organization currently evaluates all tax positions, and makes determinations regarding the likelihood of those positions being upheld under review. For the year presented, and as a result of adoption, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on its evaluations. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2022, 2021, 2020 and 2019 are subject to examination by the IRS, generally for 3 years after they are filed.

NOTE H – CONCENTRATIONS

From time to time, the Organization may occasionally maintain bank account balances in banks in excess of the federally insured limits. However, the banks have additional insurance provided by the Depositors Insurance Fund in the event of a loss in excess of the FDIC insured limit of $250,000.