

IN CONTROL FAMILY FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2012

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FRITZ DEGUGLIELMO LLC
*CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS*

INDEPENDENT AUDITOR'S REPORT

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

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, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 In Control Family Foundation, Inc. as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Fritz Deguglielmo LLC
Newburyport, Massachusetts
August 6, 2013

IN CONTROL FAMILY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2012

ASSETS

Current Assets	
Cash	\$ 36,862
Accounts receivable	57,365
Prepaid expenses	<u>17,143</u>
Total Current Assets	<u>111,370</u>
Property and Equipment	
Leasehold improvements	9,871
Machinery and equipment	15,195
Website	9,093
Furniture and fixtures	<u>20,449</u>
	54,608
Less: Accumulated depreciation	<u>(47,885)</u>
Net Property and Equipment	<u>6,723</u>
Other Assets	
Deposits	6,400
Goodwill	<u>241,988</u>
Total Other Assets	<u>248,388</u>
Total Assets	<u>\$ 366,481</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable and accrued expenses	\$ 37,745
Deferred revenues	80,790
Gift certificates	<u>161,618</u>
Total Current Liabilities	<u>280,153</u>
Total Liabilities	<u>280,153</u>
Net Assets	
Unrestricted	<u>86,328</u>
Total Net Assets	<u>86,328</u>
Total Liabilities and Net Assets	<u>\$ 366,481</u>

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

IN CONTROL FAMILY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the year ended December 31, 2012

Unrestricted

Revenue and Support	
Grants and contributions	\$ 30,420
Program service fees	<u>517,751</u>
Total Revenue and Support	<u>548,171</u>
Expenses	
Program services	381,093
Management and general	76,567
Fundraising	<u>4,183</u>
Total Expenses	<u>461,843</u>
Change in Net Assets	86,328
Net Assets – Beginning of Year	<u>-</u>
Net Assets – End of Year	<u>\$ 86,328</u>

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

IN CONTROL FAMILY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2012

	Programs	Management and General	Fund- raising	Total
Payroll and related expenses	\$ 226,935	\$ 47,502	\$ 3,748	\$ 278,185
Professional fees	-	8,561	-	8,561
Advertising and promotion	-	6,193	-	6,193
Office expenses	5,352	924	95	6,371
Occupancy	52,078	1,616	167	53,861
Travel	3,386	-	-	3,386
Depreciation and amortization	2,916	249	-	3,165
Insurance	15,650	5,435	-	21,085
Automobile expense	37,053	724	75	37,852
Bank and credit fees	10,047	-	-	10,047
Other	600	1,938	-	2,538
Supplies	3,944	-	-	3,944
Dues and subscriptions	-	1,213	-	1,213
Licenses and permits	100	931	-	1,031
Outside services	1,204	234	20	1,458
Repairs and maintenance	622	290	-	912
Telephone	4,379	757	78	5,214
Security	3,390	-	-	3,390
Program expenses	4,426	-	-	4,426
Commissions	9,011	-	-	9,011
Total Expenses	\$ 381,093	\$ 76,567	\$ 4,183	\$ 461,843

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, 2012

Operating Activities

Change in net assets	\$ 86,328
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Depreciation and amortization	3,165
Accounts receivable	(37,765)
Prepaid expenses	3,849
Accounts payable and accrued expenses	(25,920)
Deferred revenues	(40,346)
Gift certificates	<u>19,360</u>
Net Cash Provided by Operating Activities	<u>8,671</u>

Investing Activities

Purchases of property and equipment	(619)
Cash received in acquisition of In Control Advanced Driver Training MA LLC	<u>28,810</u>
Net Cash Provided by Investing Activities	<u>28,191</u>

Net increase in cash	36,862
Cash, beginning of year	<u>-</u>
Cash, end of year	<u>\$ 36,862</u>

Non-Cash Transaction

On April 30, 2012, the Organization acquired 100% of the limited liability company interests of In Control Advanced Driver Training MA LLC from In Control Advanced Driver Training, Inc. by assuming the LLC's assets and liabilities. See Note C to the financial statements for additional information.

Supplemental Data:

Taxes paid	\$ <u>-</u>
Interest paid	<u>\$ -</u>

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

IN CONTROL FAMILY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

In Control Family Foundation, Inc. (“The Organization”) is a non-profit organization that was organized on November 18, 2011. 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.

On April 30, 2012, the Organization acquired 100% of the limited liability company interest of In Control Advanced Driver Training MA LLC, from In Control Advanced Driver Training, Inc., a for-profit company, which provided crash prevention driver training. The Organization’s operations fully commenced on the date of acquisition. See Note C for further discussion of the acquisition.

Method of Accounting

The Organization prepares its financial statements in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958 (formerly SFAS No. 117, “*Financial Statements of Not-for-Profit Organizations*”). Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as defined below.

Unrestricted Net Assets – consists of assets, public support and program revenues, which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted Net Assets – includes funds with donor-imposed restrictions, which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment incomes earned on permanently restricted funds.

Permanently Restricted Net Assets – includes resources, which have a permanent donor-imposed restriction, which stipulates that the assets are to be maintained permanently, but permits the organization to expend part or all of the income derived from the donated assets. Investment incomes earned on permanently restricted funds are temporarily restricted until released.

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 maintained 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.

IN CONTROL FAMILY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are carried at cost. Equipment is depreciated under the straight-line method using lives between 5 and 7 years. Land improvements are amortized over 20 years using the straight-line method.

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 and amortization expense for the year ended December 31, 2012 was \$3,165.

Goodwill

The accounting for the acquisition of In Control Advanced Driver Training MA LLC in 2012 resulted in recognizing goodwill of \$241,988 (see Note C). Under generally accepted accounting principles, the carrying amount of goodwill is not amortized but is reduced if management determines that its implied fair value has been impaired. Management has determined there was no impairment to goodwill during the year ended December 31, 2012.

Deferred Revenue

Income from program service fees is deferred and recognized over the periods to which the fees relate. Deferred revenues at December 31, 2012 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, 2012, unused gift certificates outstanding totaled \$161,618.

Contributions

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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of December 31, 2012, the Organization did not have any restricted funds.

The Organization reports gifts of land, buildings, and equipment as unrestricted support 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.

IN CONTROL FAMILY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases used in conjunction with the Organization's cost allocation plan.

Supporting services are those related to operating and managing the Organization and its 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.

Fundraising – includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of public support.

Advertising

Advertising costs are expensed as incurred. For the year ended December 31, 2012, advertising costs of \$6,193 were charged to expense.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Subsequent Events

Subsequent events have been evaluated through August 6, 2013, which is the date the financial statements were available to be issued.

NOTE B – 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 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 Form 990, *Return of Organization Exempt from Income Tax*, for the year ending December 31, 2012 is subject to examination by the IRS, generally for 3 years after it is filed.

IN CONTROL FAMILY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE C – ACQUISITION OF IN CONTROL ADVANCED DRIVER TRAINING MA LLC

On April 30, 2012, the Organization acquired 100% of the limited liability company interest of In Control Advanced Driver Training MA LLC, from In Control Advanced Driver Training, Inc., a for-profit company, which provided crash prevention driver training. The interest was acquired for \$1 and the Organization's assumption of the LLC's net liabilities. The Organization had minimal activity until the date of acquisition, upon which actual operations began. The following table summarizes the amount of the assets acquired and liabilities assumed at the acquisition date:

Liabilities assumed	\$ 327,059
Less assets acquired:	
Cash	28,810
Accounts receivable	19,600
Prepaid expenses	20,992
Property and equipment	9,269
Deposits	6,400
Goodwill	<u>\$ 241,988</u>

NOTE D – OPERATING LEASE

The Organization has entered into a lease agreement for office space. Monthly rent payments under the agreement are \$1,393 until the expiration date of July 31, 2013.

The Organization also leases program facilities on a month to month basis. Total rent expense for the year ended December 31, 2012 was \$53,071.

Future minimum lease payments as of December 31, 2012 were:

2013	<u>\$ 9,751</u>
	<u>\$ 9,751</u>