

ANN'S PLACE INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017

ANN'S PLACE INC.

INDEX

INDEPENDENT AUDITOR'S REPORTPage 3

Statement of Financial Position
December 31, 2017 with comparative totals for
December 31, 2016 Page 5

Statement of Activities
For the year ended December 31, 2017
with comparative totals for December 31, 2016 Page 6

Statement of Functional Expenses
For the year ended December 31, 2017
with comparative totals for December 31, 2016 Page 7

Statement of Cash Flows
For the year ended December 31, 2017
with comparative totals for December 31, 2016 Page 8

Notes to Financial StatementsPage 9

ANN'S PLACE INC.

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF ANN'S PLACE INC.

We have audited the accompanying financial statements of the Ann's Place Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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.

INDEPENDENT AUDITOR'S REPORT

Continued...

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ann's Place Inc., as of December 31, 2017, 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.

Report on Summarized Comparative Information

We have previously audited Ann's Place Inc.'s 2016 financial statements, and our report dated April 17, 2017, expressed an unmodified audit opinion on those financial statements. In our opinion the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.



HOPE & HERNANDEZ, P.C.
Bridgeport, Connecticut
April 25, 2018

ANN'S PLACE INC.

FINANCIAL STATEMENTS

ANN'S PLACE INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017 and 2016

ASSETS	2017	2016
Current Assets:		
Cash	\$ 271,832	\$ 124,572
Contributions and Grants Receivable, Net	36,755	24,810
Pledge Receivable - Net	-	20,000
Prepaid Insurance Expense	13,893	14,812
Investments	37,999	1,437
Total Current Assets	360,479	185,631
Property, Plant and Equipment:		
Land, Building and Equipment, Net	4,676,511	4,800,855
TOTAL ASSETS	\$ 5,036,990	\$ 4,986,486
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 11,386	\$ 10,409
Other Accrued Expenses	11,239	9,904
Deferred Revenue	20,000	-
Commercial Loan - Short-Term Portion	113,333	40,000
Total Current Liabilities	155,958	60,313
Long-Term Liabilities:		
Commercial Loan - Long-Term Portion	-	113,333
TOTAL LIABILITIES	155,958	173,646
NET ASSETS		
Unrestricted	4,843,888	4,811,356
Temporarily Restricted	37,144	1,484
Permanently Restricted	-	-
Total Net Assets	4,881,032	4,812,840
TOTAL LIABILITIES AND NET ASSETS	\$ 5,036,990	\$ 4,986,486

See Accompanying Notes and Accountant's Report.

**ANN'S PLACE INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2017</u>	<u>Total 2016</u>
SUPPORT AND REVENUE				
Corporate & Foundations	\$ 107,684	\$ 127,800	\$ 235,484	\$ 282,086
Individuals	362,947	41,900	404,847	216,526
Religious, Service & Civic Organizations	5,719	-	5,719	10,803
Employee Matching	8,501	-	8,501	9,614
Financial Aid Donations	-	7,270	7,270	900
Donated Vehicles	-	-	-	110
Fundraisers Held by Community	92,026	-	92,026	137,654
Ann's Place Fundraisers	492,731	-	492,731	482,026
Contributed Services	101,392	-	101,392	100,044
In-Kind Contributions	91,928	-	91,928	93,564
Interest Income	159	-	159	254
Unrealized Gain on Investments	545	-	545	168
Other Income	3,012	-	3,012	24,588
Net Assets Released from Restrictions	141,310	(141,310)	-	-
TOTAL SUPPORT AND REVENUE	<u>1,407,954</u>	<u>35,660</u>	<u>1,443,614</u>	<u>1,358,337</u>
EXPENSES				
Program Services:				
Client Services	728,948	-	728,948	756,108
Outreach & Education	203,223	-	203,223	224,190
Total Program Services	<u>932,171</u>	<u>-</u>	<u>932,171</u>	<u>980,298</u>
Support Services:				
Management and General	143,632	-	143,632	138,435
Fundraising	299,619	-	299,619	393,827
Total Support Services	<u>443,251</u>	<u>-</u>	<u>443,251</u>	<u>532,262</u>
TOTAL EXPENSES	<u>1,375,422</u>	<u>-</u>	<u>1,375,422</u>	<u>1,512,560</u>
CHANGE IN NET ASSETS	32,532	35,660	68,192	(154,223)
NET ASSETS - BEGINNING OF YEAR	<u>4,811,356</u>	<u>1,484</u>	<u>4,812,840</u>	<u>4,967,063</u>
NET ASSETS - END OF YEAR	<u>\$ 4,843,888</u>	<u>\$ 37,144</u>	<u>\$ 4,881,032</u>	<u>\$ 4,812,840</u>

See Accompanying Notes and Accountant's Report.

**ANN'S PLACE INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016**

EXPENSES	PROGRAM SERVICES		SUPPORT SERVICES			TOTALS		
	Client Services	Outreach & Education	Totals	Management & General	Fundraising	Totals	2017	2016
Salaries	\$ 331,645	\$ 139,422	\$ 471,067	\$ 82,532	\$ 48,897	\$ 131,429	\$ 602,496	\$ 610,750
Payroll Taxes	29,176	12,266	41,442	7,261	4,302	11,563	53,005	53,127
Employee Benefits	34,102	14,336	48,438	8,487	5,028	13,515	61,953	52,916
Total Salaries & Related Expenses	394,923	166,024	560,947	98,280	58,227	156,507	717,454	716,793
Professional Fees	11,794	10,077	21,871	4,185	8,421	12,606	34,477	153,636
Program Specific Costs	24,023	1,821	25,844	-	-	-	25,844	35,857
Insurance	6,334	-	6,334	6,172	4,041	10,213	16,547	17,823
Tech & Communications	25,237	295	25,532	2,096	625	2,721	28,253	21,012
Facilities	47,601	1,067	48,668	8,413	795	9,208	57,876	48,788
Consumables/Copying/Printing	15,865	10,017	25,882	2,599	47,527	50,126	76,008	78,484
Staff Development/Dues & Subscriptions	5,391	680	6,071	50	82	132	6,203	5,742
Advertising & Event Specific Costs	-	626	626	288	168,691	168,979	169,605	185,429
Financing/Business Fees/Other	643	182	825	11,601	4,993	16,594	17,419	20,789
Contributed Services	101,392	-	101,392	-	-	-	101,392	100,044
Total Expenses Before Depreciation	633,203	190,789	823,992	133,684	293,402	427,086	1,251,078	1,384,397
Depreciation of Buildings and Equipment	95,745	12,434	108,179	9,948	6,217	16,165	124,344	128,163
TOTAL EXPENSES	\$ 728,948	\$ 203,223	\$ 932,171	\$ 143,632	\$ 299,619	\$ 443,251	\$ 1,375,422	\$ 1,512,560

See Accompanying Notes and Accountant's Report.

ANN'S PLACE INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2017</u>	<u>2016</u>
Change in Net Assets	\$ 68,192	\$ (154,223)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	124,344	128,163
Donated Fixed Assets	-	(18,957)
Change in:		
Contributions, Grants and Other Receivables	(11,945)	15,536
Prepaid Expenses	919	4,319
Pledge Receivable	20,000	19,668
Accounts Payable and Other Accrued Expenses	2,312	(3,050)
Deferred revenue	20,000	-
Prepaid Client Tracking System	-	33,023
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>223,822</u>	<u>24,479</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Commercial Loan Activity	(40,000)	(40,000)
Credit Line Repayment	-	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(40,000)</u>	<u>(40,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(36,562)	(1,437)
Acquisition of Fixed Assets	-	(34,023)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(36,562)</u>	<u>(35,460)</u>
NET INCREASE (DECREASE) IN CASH	147,260	(50,981)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>124,572</u>	<u>175,553</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 271,832</u>	<u>\$ 124,572</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	\$ 4,599	\$ 5,329
Income Taxes	\$ -	\$ -

See Accompanying Notes and Accountant's Report.

ANN'S PLACE INC.

NOTES TO THE FINANCIAL STATEMENTS

**ANN'S PLACE INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 - STATEMENT OF PURPOSE

Ann's Place Inc. provides men, women, children and their loved ones in our community with critical services during their cancer journey. We are honored to provide all of our services free of charge to every member of our community. As a nonprofit agency, Ann's Place Inc. helps inspire people to create a pathway through cancer that strengthens and sustains them, and improves their quality of life. We provide professional and compassionate support services to individuals and families through counseling led by professional and licensed clinical social workers. These services are complemented by 15 Support Groups focusing on specific areas of concern for cancer patients and their loved ones. In addition, we offer an extensive range of Wellness Program activities. Ann's Place Inc. is also involved in community outreach, education, and regularly presents speakers who address cancer issues of client concern, advances in diagnosis and treatment, as well as wellness education.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These assumptions include but are not limited to the depreciable lives of long-lived assets and allocation of functional expenses. Actual results could differ from those estimates.

Support and Revenue Recognition

Revenues and expenses are recognized on the accrual basis of accounting which recognizes revenues when earned and expenses when incurred.

Net Asset Classes

Ann's Place Inc. prepares its financial statements using guidelines established under FASB ASC 958; FASB ASC 958 requires that a non-profit organization provide information regarding the net assets of the organization based on the existence or absence of donor imposed restrictions. The types of restrictions are described as follows:

Unrestricted Net Assets

Unrestricted net assets consist of net assets over which Ann's Place Inc. has direct control to use in carrying out the operations of the entity. These assets are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

**ANN'S PLACE INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of net assets resulting from contributions and other inflows of assets whose use by the Agency is limited by donor or grantor imposed restrictions which either expire with the passage of time (time restriction) or can be fulfilled and removed by actions of Ann's Place Inc. pursuant to the stipulations (purpose restriction).

When donor or grantor imposed restrictions expire, 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 accompanying Statement of Activities as net assets released from restrictions. Ann's Place Inc. had \$37,144 and \$1,484 in temporarily restricted net assets for Client Aid at December 31, 2017 and December 31, 2016, respectively.

Permanently Restricted Net Assets

Permanently restricted net assets consist of net assets resulting from contributions or other inflows of assets whose use by the Agency is limited by donor imposed stipulations whose limits do not expire with passage of time nor can be fulfilled or otherwise removed by action of the Agency. Ann's Place Inc. had no permanently restricted net assets at December 31, 2017 and December 31, 2016.

Contributions

Unconditional contributions received or promises to give without donor imposed restrictions are reflected as unrestricted support. Unconditional contributions received or promises to give with donor imposed restrictions are reflected as either Temporarily or Permanently restricted support based upon the respective restrictions. Ann's Place Inc. reports gifts of cash, stock, and fixed assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

In-kind Contributions

In-kind contributions represent the value of donated supplies, materials and equipment and are recorded when these contributions are both specifically identifiable and can be objectively valued in monetary terms (fair market value, as determined by management).

**ANN'S PLACE INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Contributed and Volunteer Services

Ann's Place Inc. recognized Contributed Services revenue and expense for certain services received at the fair market value of such services. Recognized services were recorded as revenue and expense in the Client Services program as follows:

Art, Movement, Music, Needlework, Nutrition, Reiki, Speaker Series and Yoga	1,106.98 hours X \$55 per hour = \$60,884
Creative, Family, Horticultural, Memorial, Partnership, Speaker Series and Support Group Programs	506.35 hours X \$80 per hour = \$40,508
	<u>\$101,392</u>

Volunteer services have not been reflected in the accompanying financial statements because such services do not require specialized skills and therefore no objective basis is available to measure the value of such services. Many individuals volunteer their time and perform a variety of tasks.

Cash and Cash Equivalents

Ann's Place Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Fixed Assets and Accumulated Depreciation

Fixed assets are recorded at cost and include expenditures that naturally increase values or extend useful lives. Contributed assets are recorded at their fair market value at the date of receipt as determined by the Agency. Depreciation is computed over the estimated useful lives of the assets, which range from 5 to 39 years, using the straight-line method for financial and tax reporting purposes. Expenditures in the nature of normal repairs and maintenance are charged to operations as incurred.

Subsequent Events

Date of Management Evaluation - Management has evaluated subsequent events through April 25, 2018, the date on which the financial statements were available to be issued.

Management has not identified any significant subsequent events requiring disclosure.

**ANN'S PLACE INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 - INCOME TAXES

Ann's Place Inc. (a Connecticut Corporation) is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state statutes and generally is not subject to income taxes. The entity is not aware of any activities that would jeopardize its tax-exempt status. As of December 31, 2017, the Agency had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and does not expect this to change in the next twelve months. The 2014 through 2017 tax years remain subject to examination by the Internal Revenue Service.

NOTE 4 - ACCOUNTS RECEIVABLE

Contributions, Government Grants and Other Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. The allowance balances are \$0 at December 31, 2017 and December 31, 2016.

NOTE 5 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Agency to concentration of credit risk consists principally of cash. At December 31, 2017, the Ann's Place Inc.'s bank deposits maintained at a local financial institution exceeded FDIC limits by \$9,904. The Agency has not incurred any losses in the past and it believes it is not exposed to any significant credit risk.

NOTE 6 - INVESTMENTS - FAIR VALUE MEASUREMENTS

As of January 1, 2008, the Agency implemented FASB ASC 820, fair value measurements. The Agency's investments are reported at fair value in the accompanying statement of financial position at December 31, 2017 as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1
Equities	\$ 37,999	\$ 37,999
Total	<u>\$ 37,999</u>	<u>\$ 37,999</u>

FASB ASC 820 Fair Value Measurements establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The three

**ANN'S PLACE INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 6 - INVESTMENTS - FAIR VALUE MEASUREMENTS - Continued

levels of the fair value hierarchy under FASB ASC 820 are described below:

Basis of Fair Value Measurement

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Level 1 - Fair Value Measurements

The Agency's equities are valued using the net asset value of shares held at year end. The net asset value is quoted in an active market. The class of assets shown are the class of assets reported by the various funds.

NOTE 7 - LAND, BUILDING AND EQUIPMENT, NET

Below is a summary of the Agency's fixed assets at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land	\$1,050,000	\$1,050,000
Building	3,972,478	3,972,478
Artwork	218,957	218,957
Office Equipment	52,262	52,262
Furniture and Fixtures	61,827	61,827
Software	65,748	65,748
Sub-Total	5,421,272	5,421,272
Less: Accumulated Depreciation	(744,761)	(620,417)
TOTAL	\$4,676,511	\$4,800,855

NOTE 8 - LINE OF CREDIT

The Agency has a \$125,000 line of credit with the Savings Bank of Danbury, secured by a first security interest on Ann's Place Inc.'s business assets. As of December 31, 2017 and 2016, the credit line balance outstanding is \$0.

**ANN'S PLACE INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 – COMMERCIAL LOAN PAYABLE

On October 26, 2015, Ann's Place Inc. entered into a \$200,000 commercial loan agreement with the Savings Bank of Danbury. The loan has a term of 36 months with \$3,333.33 in principal plus interest of 2.03% due monthly, with a balloon payment of \$80,000 due after the 36th month. Interest is calculated at a variable rate of 2% above the Bank's statement savings rate. At December 31, 2017, principal payments due on the commercial loan payable are as follows:

2018	\$113,333
Thereafter	-0-
Total	<u>\$113,333</u>

NOTE 10 - EMPLOYEE BENEFITS

Deferred Compensation Plan - The Agency maintains a pre-tax 403B savings plan administered through AXA Advisors, LLC, open to all employees. Although it may elect to do so, since its inception, Ann's Place Inc. has not made any contributions to the plan.

NOTE 11 - OPERATING LEASE

On October 20, 2013 Ann's Place Inc. entered into a 51 month operating lease for a postage machine. Quarterly lease payments are \$157. In December, 2014 Ann's Place Inc. entered into a 60 month operating lease for a copier/fax machine. Monthly lease payments are \$598. Minimum lease payments for the operating leases at December 31, 2017 are as follows:

2018	\$ 7,176
2019	6,578
2020	-0-
2021	-0-
2022	<u>-0-</u>
	<u>\$ 13,754</u>

NOTE 12 - COMPARATIVE FINANCIAL STATEMENTS

The financial statements include certain prior year summarized comparative information in total but not by net asset category or functional expense category. Such information does not include sufficient detail to constitute a presentation in accordance with generally accepted accounting principles. Accordingly, such prior year information should be read in conjunction with Ann's Place Inc's financial statements for the year ended December 31, 2016, from which the summarized information was derived.