

Survivors of Abuse in Recovery, Inc.

Financial Statements

December 31, 2014 and 2013

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Independent Auditor's Report

To the Board of Directors
Survivors of Abuse in Recovery, Inc.
Wilmington, Delaware

Report on the Financial Statements

We have audited the accompanying financial statements of Survivors of Abuse in Recovery, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, cash flows, and functional expenses 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. 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 principles 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 qualified audit opinion.

Basis for Qualified Opinion

As more fully described in Note A - 2 to the financial statements, Survivors of Abuse in Recovery, Inc. recognizes revenue from client fees on the cash basis of accounting and does not reflect accounts receivable from client fees in the accompanying statements of financial position. Accounting principles generally accepted in the United States of America require that revenue from client fees be recognized when it is earned, and that related accounts receivable from client fees be included in the statements of financial position. The effects on the accompanying financial statements of not recording accounts receivable have not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Survivors of Abuse in Recovery, Inc. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Alberto Kuzfman Associates, P.C." The signature is written in a cursive, flowing style.

Wilmington, Delaware
August 18, 2015

Survivors of Abuse in Recovery, Inc.

Statements of Financial Position

December 31, 2014 and 2013

Assets

	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 188,549	\$ 116,585
Cash and cash equivalents - restricted	82,694	-
Grants receivable	<u>11,432</u>	<u>10,153</u>
Total current assets	<u>282,675</u>	<u>126,738</u>
 PROPERTY AND EQUIPMENT - AT COST		
Net of accumulated depreciation	<u>461,621</u>	<u>468,251</u>
 OTHER ASSETS		
Loan fees - net of accumulated amortization	3,060	-
Security deposit	<u>860</u>	<u>860</u>
Total other assets	<u>3,920</u>	<u>860</u>
 TOTAL ASSETS	 <u>\$ 748,216</u>	 <u>\$ 595,849</u>

Liabilities and Net Assets

CURRENT LIABILITIES		
Accounts payable	\$ 55,913	\$ 40,853
Notes payable - current portion	14,086	100,889
Deferred revenue	<u>25,000</u>	<u>22,500</u>
Total current liabilities	<u>94,999</u>	<u>164,242</u>
 LONG-TERM LIABILITIES		
Notes payable - net of current portion	<u>154,701</u>	<u>-</u>
 TOTAL LIABILITIES	 <u>249,700</u>	 <u>164,242</u>
 NET ASSETS		
Unrestricted	415,822	431,607
Temporarily restricted	<u>82,694</u>	<u>-</u>
Total net assets	<u>498,516</u>	<u>431,607</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 748,216</u>	 <u>\$ 595,849</u>

See accompanying notes to financial statements.

Survivors of Abuse in Recovery, Inc.

Statement of Activities

For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT			
Fees for services - net of refunds	\$ 332,252	\$ -	\$ 332,252
Contributions	32,338	-	32,338
Grants from governmental agencies	37,014	69,127	106,141
Grants from non-governmental entities	-	382,010	382,010
Interest income	228	-	228
Rent	25,759	-	25,759
Fundraising	49,823	-	49,823
Net assets released from restrictions	368,443	(368,443)	-
Total revenue and other support	845,857	82,694	928,551
EXPENSES			
Program services	626,324	-	626,324
Management and general	196,867	-	196,867
Fundraising	38,451	-	38,451
Total expenses	861,642	-	861,642
CHANGE IN NET ASSETS	(15,785)	82,694	66,909
NET ASSETS - BEGINNING OF YEAR	431,607	-	431,607
NET ASSETS - END OF YEAR	\$ 415,822	\$ 82,694	\$ 498,516

See accompanying notes to financial statements.

Survivors of Abuse in Recovery, Inc.

Statement of Activities

For the Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Fees for services - net of refunds	\$ 350,317	\$ -	\$ 350,317
Contributions	28,863	-	28,863
Grants from governmental agencies	37,014	72,054	109,068
Grants from non-governmental entities	2,000	187,227	189,227
Interest income	72	-	72
Rent	24,974	-	24,974
Fundraising	73,928	-	73,928
In-kind donations	60	-	60
Net assets released from restrictions	<u>262,694</u>	<u>(262,694)</u>	<u>-</u>
Total revenue and other support	<u>779,922</u>	<u>(3,413)</u>	<u>776,509</u>
EXPENSES			
Program services	573,867	-	573,867
Management and general	182,308	-	182,308
Fundraising	36,384	-	36,384
Total expenses	<u>792,559</u>	<u>-</u>	<u>792,559</u>
CHANGE IN NET ASSETS	(12,637)	(3,413)	(16,050)
NET ASSETS - BEGINNING OF YEAR	<u>444,244</u>	<u>3,413</u>	<u>447,657</u>
NET ASSETS - END OF YEAR	<u>\$ 431,607</u>	<u>\$ -</u>	<u>\$ 431,607</u>

See accompanying notes to financial statements.

Survivors of Abuse in Recovery, Inc.

Statements of Cash Flows

For the Years Ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 66,909	\$ (16,050)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	22,280	23,595
Amortization	190	-
Loss on disposal of property and equipment	466	-
Changes in current assets and liabilities		
Increase in grants receivable	(1,279)	(2,774)
Increase (decrease) in accounts payable	15,060	(1,485)
Increase in deferred revenue	2,500	22,500
Net cash provided by operating activities	106,126	25,786
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(16,116)	(1,040)
Acquisition of loan fees	(3,250)	-
Net cash used in investing activities	(19,366)	(1,040)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	175,000	-
Repayment of notes payable	(107,102)	(6,624)
Net cash provided by (used in) financing activities	67,898	(6,624)
NET INCREASE IN CASH	154,658	18,122
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	116,585	98,463
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 271,243	\$ 116,585
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the year for interest	\$ 6,919	\$ 6,793

See accompanying notes to financial statements.

Survivors of Abuse in Recovery, Inc.

Statement of Functional Expenses

For the Year Ended December 31, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, contractor fees and related expenses				
Salaries and wages	\$ 66,774	\$ 109,500	\$ -	\$ 176,274
Payroll taxes	5,074	8,311	-	13,385
Employee benefits	4,494	25,928	-	30,422
Therapists' fees	445,138	-	-	445,138
Development director	-	22,500	22,500	45,000
Total salaries, contractor fees and related expenses	<u>521,480</u>	<u>166,239</u>	<u>22,500</u>	<u>710,219</u>
Advertising	2,451	-	-	2,451
Amortization	142	48	-	190
Bank charges	731	244	-	975
Board meeting expense	-	2,539	-	2,539
Computer expenses	8,176	2,725	-	10,901
Depreciation	16,710	5,570	-	22,280
Dues and publications	625	208	-	833
Fundraising expenses	-	-	15,951	15,951
Insurance	2,410	803	-	3,213
Loss on disposition of property and equipment	-	466	-	466
Mortgage interest	5,189	1,730	-	6,919
Office cleaning	5,194	1,731	-	6,925
Office supplies, printing and postage	11,125	3,708	-	14,833
Professional fees	6,316	2,105	-	8,421
Rent	17,324	-	-	17,324
Repairs and maintenance	10,267	3,423	-	13,690
Taxes and licenses	108	36	-	144
Telephone	5,875	1,958	-	7,833
Training	3,403	1,135	-	4,538
Travel	2,202	-	-	2,202
Utilities	<u>6,596</u>	<u>2,199</u>	<u>-</u>	<u>8,795</u>
TOTAL FUNCTIONAL EXPENSES	\$ <u>626,324</u>	\$ <u>196,867</u>	\$ <u>38,451</u>	\$ <u>861,642</u>

See accompanying notes to financial statements.

Survivors of Abuse in Recovery, Inc.

Statement of Functional Expenses

For the Year Ended December 31, 2013

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, contractor fees and related expenses				
Salaries and wages	\$ 61,060	\$ 103,000	\$ -	\$ 164,060
Payroll taxes	4,666	7,880	-	12,546
Employee benefits	4,811	26,423	-	31,234
Therapists' fees	414,179	-	-	414,179
Development director	-	19,794	19,794	39,588
Total salaries, contractor fees and related expenses	<u>484,716</u>	<u>157,097</u>	<u>19,794</u>	<u>661,607</u>
Advertising	2,039	-	-	2,039
Bank charges	913	305	-	1,218
Board meeting expense	-	1,737	-	1,737
Computer expenses	5,119	1,707	-	6,826
Depreciation	17,696	5,899	-	23,595
Dues and publications	259	86	-	345
Fundraising expenses	-	-	16,590	16,590
Insurance	1,844	615	-	2,459
Meals and entertainment	-	169	-	169
Mortgage interest	5,095	1,698	-	6,793
Office cleaning	4,702	1,568	-	6,270
Office supplies, printing and postage	7,087	2,362	-	9,449
Professional fees	6,515	2,172	-	8,687
Rent	16,633	-	-	16,633
Repairs and maintenance	5,207	1,736	-	6,943
Taxes and licenses	123	41	-	164
Telephone	5,980	1,994	-	7,974
Training	3,836	1,279	-	5,115
Travel	573	-	-	573
Utilities	<u>5,530</u>	<u>1,843</u>	<u>-</u>	<u>7,373</u>
TOTAL FUNCTIONAL EXPENSES	\$ <u>573,867</u>	\$ <u>182,308</u>	\$ <u>36,384</u>	\$ <u>792,559</u>

See accompanying notes to financial statements.

Survivors of Abuse in Recovery, Inc.

Notes to Financial Statements

Note A - Organization and Summary of Significant Accounting Policies

1. Purpose of the Organization

Survivors of Abuse in Recovery, Inc. (“SOAR”) is a nonprofit organization that is a statewide recovery program which provides counseling, referral, and education services to adult, adolescent and child survivors of sexual abuse and assault, their non-offending partners, and non-offending family members. SOAR also provides outreach programs to community organizations and businesses.

2. Revenue and Expense Recognition

The financial statements of SOAR have been prepared on the accrual basis of accounting, with the exception of client fee revenue. In accordance with the accrual basis of accounting, revenue is recognized when earned, and expenditures are recognized when incurred. SOAR recognizes client fee revenue when received, not when earned. In addition, SOAR does not record accounts receivable from client fee revenue in the statements of financial position. These are departures from accounting principles generally accepted in the United States of America.

3. Financial Statement Presentation

In accordance with accounting principles generally accepted in the United States of America, SOAR is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. In addition, SOAR is required to present a statement of cash flows.

4. Contributions, Promises to Give, Restricted and Unrestricted Revenue and Support

In accordance with accounting principles generally accepted in the United States of America, 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 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.

Survivors of Abuse in Recovery, Inc.

Notes to Financial Statements

Note A - Organization and Summary of Significant Accounting Policies (Continued)

4. Contributions, Promises to Give, Restricted and Unrestricted Revenue and Support (Continued)

Promises to give contributions are recognized when the donor makes a promise to give to SOAR, that is, in substance, unconditional. Promises to make contributions, which are expected to be paid over a period in excess of one year, are discounted and recorded at their present value. Conditional promises to make contributions are recorded as support in the period the condition is met.

Contributed services are not recognized as revenues unless the services received create or enhance the value of a non-financial asset; or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by volunteers. No amounts are recognized in these financial statements for donated services, as the requirement for recognizing these items has not been met.

5. Cash and Cash Equivalents

Cash equivalents are included in cash. SOAR considers all unrestricted highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

6. Advertising

Advertising costs are charged to expense when incurred. Advertising expense was \$2,451 and \$2,039 for the years ended December 31, 2014 and 2013, respectively.

7. Income Taxes

SOAR has elected to be classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, it is not subject to state or federal income taxes. Therefore, no provision or liability for income tax is presented in these financial statements.

SOAR accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. SOAR recognizes accrued interest and penalties associated with uncertain tax positions, if any, as a component of functional expenses. SOAR did not have any income tax uncertainties that were considered greater than remote.

Survivors of Abuse in Recovery, Inc.

Notes to Financial Statements

Note A - Organization and Summary of Significant Accounting Policies (Continued)

8. Functional Allocation of Expenses

SOAR allocates their 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. All other expenses are allocated in proportion with the benefits provided to the related program service.

9. Management 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 the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

10. Property and Equipment

Property and equipment with an estimated useful life in excess of one year are recorded at cost, if purchased, and at fair market value, if donated. Maintenance, repairs and minor renewals are charged directly to expense as incurred. Additions and betterments to property and equipment are capitalized. When assets are disposed of, the related cost and accumulated depreciation thereon are removed from the accounts, and any resulting gain or loss is included in the statement of activities.

Depreciation is computed using the straight-line method based upon the estimated useful lives of the related assets. The useful lives for purposes of computing depreciation are as follows:

Building	39 years
Building improvements	10 - 15 years
Furniture and equipment	5 - 10 years

11. Grants Receivable and Allowance for Uncollectible Accounts

SOAR uses the allowance method to provide for the estimated losses that will be incurred in the collection of outstanding grants receivable balances. Estimated losses are based on a combination of historical collection experience and a review of the current status of outstanding grants receivable balances. At December 31, 2014 and 2013, management determined all grants receivable to be fully collectible and thus provided no allowances for uncollectible accounts.

Survivors of Abuse in Recovery, Inc.

Notes to Financial Statements

Note B - Restricted Cash

Cash and cash equivalents consists of \$82,694 and \$-0- that are temporarily restricted for specific future program purposes (See Note E) as of December 31, 2014 and 2013, respectively.

Note C - Special Events

The following is a schedule of special fund-raising events for the years ended December 31,:

2014			
	Revenue	Direct Expenses	Net Proceeds
Rock and Roar for Soar	\$ 34,138	\$ 11,654	\$ 22,484
5K Ostrich Run	14,295	4,097	10,198
Other miscellaneous revenue	1,390	-	1,390
	\$ 49,823	\$ 15,751	\$ 34,072
2013			
	Revenue	Direct Expenses	Net Proceeds
Murder Mystery Night	\$ 60,862	\$ 12,120	\$ 48,742
Art is Healing	2,540	603	1,937
5K Ostrich Run	8,546	3,467	5,079
Other miscellaneous revenue	1,980	-	1,980
	\$ 73,928	\$ 16,190	\$ 57,738

Survivors of Abuse in Recovery, Inc.

Notes to Financial Statements

Note D - Property and Equipment

Property and equipment consisted of the following as of December 31,:

	2014	2013
Land	\$ 57,000	\$ 57,000
Building and building improvements	530,826	530,826
Furniture and equipment	101,875	108,489
Total	689,701	696,315
Less: accumulated depreciation	228,080	228,064
Property and equipment - net	\$ 461,621	\$ 468,251

Depreciation expense was \$22,280 and \$23,595 for the years ended December 31, 2014 and 2013, respectively.

Note E - Temporarily Restricted Net Assets

Net assets were temporarily restricted by donors for the following purposes, as of December 31,:

	2014	2013
Mortgage payments	\$ 82,694	\$ -

Note F - Notes Payable

	2014	2013
Note payable, to a third party, requiring monthly payments of \$1,118, including interest at 6.5%. Satisfied in June 2014.	\$ -	\$ 100,889
Note payable, Wells Fargo, requiring monthly payments of \$ \$1,884, including interest at 5.25%. Due July 2024.	168,787	-
Total	168,787	100,889
Less: current portion	14,086	100,889
Long-term portion	\$ 154,701	\$ -

Survivors of Abuse in Recovery, Inc.

Notes to Financial Statements

Note F - Notes Payable (Continued)

Estimated maturities of the note payable is as follows at December 31, 2014:

2015	\$	14,086
2016		14,843
2017		15,641
2018		16,483
2019		17,369
Thereafter		<u>90,365</u>
	\$	<u>168,787</u>

Note G - Lease Commitments

SOAR subleases space at its facilities to various contract clinicians under month to month agreements, as needed. Tenancy leases continue until SOAR or the tenant terminates the lease. The total rental revenue to be received in the future under these various subleases is \$2,012 per month. SOAR received \$25,759 and \$24,974, in rental income during the years ended December 31, 2014 and 2013, respectively.

Note H - Concentration of Credit Risk

Financial instruments that potentially subject SOAR to significant concentrations of credit risk are principally cash and grants receivable.

1. Cash Balances

SOAR, in the ordinary course of business, maintains its cash balance in a financial institution. For the years ended December 31, 2014 and 2013, the balances of both interest and non-interest bearing accounts were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances of all accounts held at the financial institution are added together, and any amount over the limit is considered uninsured. At times, balances may exceed insured limits, but management does not feel it is exposed to any significant credit risk with respect to uninsured balances maintained at the financial institution. At December 31, 2014 and 2013, the cash balances did not exceed federal deposit insurance limits.

2. Major Donors

SOAR's largest donors accounted for approximately 0% and 10% of contribution revenue for the years ended December 31, 2014 and 2013, respectively.

Survivors of Abuse in Recovery, Inc.

Notes to Financial Statements

Note I - Subsequent Events

SOAR evaluated its December 31, 2014 financial statements for subsequent events through August 18, 2015, the date the financial statements were available to be issued.