

In Control Family Foundation, Inc.

Financial Statements

December 31, 2020

In Control Family Foundation, Inc.

Contents

December 31, 2020

	<u>Page</u>
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-12



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, 2020, 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, 2020, 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, including omissions, 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.

Report on Summarized Comparative Information

We have previously audited In Control Family Foundation, Inc. and Subsidiary's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants

Newburyport, Massachusetts

July 22, 2021

In Control Family Foundation, Inc.

Statement of Financial Position

December 31, 2020

(with summarized financial information as of December 31, 2019)

	2020	2019
ASSETS		
Current Assets		
Cash	\$ 136,887	\$ 155,268
Accounts receivable	8,890	35,041
Prepaid expenses	5,869	4,935
Total Current Assets	151,646	195,244
Property and Equipment		
Machinery and equipment	22,507	22,507
Website	9,093	9,093
Furniture and fixtures	1,500	1,500
	33,100	33,100
Less: Accumulated depreciation	(24,502)	(21,693)
Net Property and Equipment	8,598	11,407
Other Assets		
Deposits	978	978
Total Other Assets	978	978
Total Assets	\$ 161,222	\$ 207,629
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 43,839	\$ 56,673
Deferred revenues	23,644	22,199
Gift certificates	94,663	93,826
Total Current Liabilities	162,146	172,698
Total Liabilities	162,146	172,698
Net Assets		
Without donor restrictions	(924)	24,931
With donor restrictions	-	10,000
Total Net Assets	(924)	34,931
Total Liabilities and Net Assets	\$ 161,222	\$ 207,629

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, 2020

(with summarized financial information for the year ended December 31, 2019)

	2020			Total 2019
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue and Support				
Program service fees	\$ 337,438	\$ -	\$ 337,438	\$ 693,434
PPP loan forgiveness	75,131	-	75,131	-
In-kind donation	-	-	-	47,710
Grants and contributions	39,995	-	39,995	23,374
Net assets released from restrictions	10,000	(10,000)	-	-
Total Revenue and Support	462,564	(10,000)	452,564	764,518
Expenses				
Program services	402,875	-	402,875	574,348
Management and general	78,649	-	78,649	94,025
Fundraising	6,895	-	6,895	9,073
Total Expenses	488,419	-	488,419	677,446
Change in Net Assets	(25,855)	(10,000)	(35,855)	87,072
Net Assets – Beginning of Year	24,931	10,000	34,931	(52,141)
Net Assets – End of Year	\$ (924)	\$ -	\$ (924)	\$ 34,931

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, 2020

(with summarized financial information for the year ended December 31, 2019)

	Programs	Management and General	Fund- raising	Total 2020	Total 2019
Payroll and related expenses	\$ 262,098	\$ 17,480	\$ 5,340	\$ 284,918	\$ 350,591
Occupancy	46,290	7,990	827	55,107	93,785
Professional fees	-	39,458	-	39,458	40,873
Insurance	24,825	6,014	-	30,839	43,886
Automobile expense	27,344	421	280	28,045	46,785
Office expenses	8,454	1,701	154	10,309	15,658
Advertising and promotion	7,037	2,024	138	9,199	8,524
Bank and credit fees	6,481	-	-	6,481	13,930
Telephone	4,577	989	85	5,651	6,667
Outside services	3,618	1,040	71	4,729	4,775
Repairs and maintenance	4,460	-	-	4,460	4,316
Supplies	2,928	-	-	2,928	4,700
Depreciation	2,584	225	-	2,809	2,573
Other	303	987	-	1,290	1,901
Program expenses	1,227	-	-	1,227	6,681
Travel	552	-	-	552	2,321
Dues and subscriptions	-	320	-	320	266
Security	75	-	-	75	310
Interest	22	-	-	22	-
Commissions	-	-	-	-	28,904
Total Expenses	<u>\$ 402,875</u>	<u>\$ 78,649</u>	<u>\$ 6,895</u>	<u>\$ 488,419</u>	<u>\$ 677,446</u>

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, 2020

(with summarized financial information for the year ended December 31, 2019)

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ (35,855)	\$ 87,072
Adjustments to reconcile change in net assets to cash (used in) provided by operating activities:		
Depreciation	2,809	2,573
In-kind donation	-	(47,710)
Accounts receivable	26,151	20,473
Prepaid expenses	(934)	(815)
Deposits	-	4,000
Accounts payable and accrued expenses	(12,834)	(12,046)
Deferred revenues	1,445	5,704
Gift certificates	837	(16,695)
	(18,381)	42,556
Cash Flows from Investing Activities		
Purchase of property and equipment	-	(1,761)
	-	(1,761)
Net Cash Used in Investing Activities	-	(1,761)
Net (decrease) increase in cash	(18,381)	40,795
Cash, beginning of year	155,268	114,473
Cash, end of year	\$ 136,887	\$ 155,268
Supplemental Data:		
Taxes paid	\$ -	\$ -
Interest paid	\$ 22	\$ -

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

In Control Family Foundation, Inc.

Notes to Financial Statements

December 31, 2020

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.

On April 30, 2012, the Organization acquired 100% of the limited liability company interest of In Control Advanced Driver Training MA LLC, (“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. The LLC was administratively dissolved on December 31, 2019. The 2019 financial statements were prepared on a consolidation basis of accounting.

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.

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.

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.

In Control Family Foundation, Inc.

Notes to Financial Statements

December 31, 2020

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

Revenue and Revenue Recognition (continued)

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 amongst 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.

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.

In Control Family Foundation, Inc.

Notes to Financial Statements

December 31, 2020

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

Management's Review

In preparing these financial statements, the Organization's management has evaluated events and transactions for potential recognition of disclosure through July 22, 2021, 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 carried at cost. 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, 2020 was \$2,809.

Deferred Revenue

Income from program service fees is deferred and recognized over the periods to which the fees relate. Deferred revenues at December 31, 2020 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, 2020, unused gift certificates outstanding totaled \$94,663.

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, 2020, advertising costs of \$9,198 was charged to expense.

In Control Family Foundation, Inc.

Notes to Financial Statements

December 31, 2020

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	\$136,887
Accounts receivable	8,890
	<u>\$145,777</u>

As of December 31, 2020, the Organization did not have any borrowing commitments.

NOTE C – IMPLICATIONS OF COVID-19 ON OPERATIONS

The COVID-19 pandemic has expanded rapidly in 2020 with far reaching financial and operational consequences to business. Measures taken by various governments to contain the virus have affected economic activity and the Organization’s business in significant ways.

- All training stopped on March 12, 2020 through June 8, 2020 and the ongoing impact of COVID-19 resulted in the loss of revenue for the year of 1,500 students.
- While the Organization was permitted to reopen for driving training on June 8, 2020, it was limited by the governmental requirements put in place. The student to staff ratio was reduced to 1:1, causing a significant increase in per student expense concurrently with a reduction in the Organization’s revenue.

As a result of these challenges, total year-to date revenue for 2020 was approximately 40% or \$277,000 lower than the Organization’s 2019 revenue. However, there was only a 23% or \$86,000 decline in total expenses. The total change in net assets between years is a decrease of 562% or \$89,000. Also, its liquidity was negatively impacted, which prompted the Organization to obtain a Small Business Payroll Protection loan in the amount of \$75,131, which was recorded as PPP Loan Forgiveness Income as of December 31, 2020.

Management and the Board of Directors reacted swiftly to the economic threats of COVID-19. The Organization has implemented the following financial and operational initiatives:

- Launched Podcasts, which were geared towards helping parents with new drivers
- Developed safe driving tips that are shared on/with social media, partners, and course graduates
- Identify and apply to grants and other opportunities
- Solicit donations via a campaign to the general public
- Consolidated locations by foregoing the office lease and moving it to the South Weymouth site, a monthly savings of \$800
- Received a second PPP loan in the amount of \$75,000 and ERTC funds which will cover payroll and rental expense for 2021
- Offering additional training programs: Close Quarters, Maneuvering Training, new Trailer Training, Refresher Course and a Crash Prevention 201 Course

In Control Family Foundation, Inc.

Notes to Financial Statements

December 31, 2020

NOTE C – IMPLICATIONS OF COVID-19 ON OPERATIONS (continued)

Depending on the duration of the COVID-19 crisis and continued negative impact on economic activity, the Organization may experience additional declines in student and commercial course attendees, causing liquidity restraints. The impact on operations and finances for 2021 cannot be predicted. However, based upon the Organizations' current liquidity and operations plan, it has sufficient cash flow to fulfill its obligations and to finance its ongoing operations and the likelihood that a material uncertainty exists is remote.

NOTE D – OPERATING LEASE

The Organization has renewed its lease agreement for office space beginning February 1, 2021 through March 31, 2021. Monthly rent payments under the existing agreement are \$884 until March 31, 2021. The Organization also 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, 2020 was \$19,431.

The Organization has entered into a license agreement to use a portion of an airfield for its driving programs. The license agreement was not renewed at end of its term in 2020. However, the license agreement was modified and extended by six amendments expiring on January 6, 2022. The first and second amended agreements went into effect beginning November 12, 2019, and January 3, 2020 and required payments of \$5,000 each. Amendments three through six require a monthly license payment of \$2,500. The sixth amendment extension is through January 6, 2022.

The Organization leases vehicles for use in its programs under operating lease agreements. In December 2017 and February 2018, the Organization entered into several operating lease agreements. Monthly lease payments under the agreements range from \$298 to \$319 per vehicle and expiration dates range from November 19, 2020 to January 22, 2021.

Upon expiration of these leases, the Organization entered into six new operating lease agreements with monthly lease payments ranging from \$269 to \$281 per vehicle and expiration dates ranging from February 25, 2024 through April 19, 2024.

Future minimum lease payments under all operating leases as of December 31, 2020 are:

2021	\$ 53,460
2022	19,668
2023	3,839
Thereafter	<u>-</u>
Total	<u>\$ 76,967</u>

In Control Family Foundation, Inc.

Notes to Financial Statements

December 31, 2020

NOTE E – 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, 2020, 2019, 2018 and 2017 are subject to examination by the IRS, generally for 3 years after they are filed.

NOTE F – 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.

NOTE G – PAYROLL PROTECTION PROGRAM LOAN

Due to the on-going COVID-19 pandemic, the Organization applied for and received a Payroll Protection Program loan under the United States Small Business Administration’s authority. The loan amount was \$75,131 and was forgiven December 23, 2020. For the year ended December 31, 2020, in accordance with *Accounting for Contributions Received and Contributions Made* FASB ASC 958-605-Not-for Profit Entities Revenue Recognition, the Organization has recorded forgiveness revenue of \$75,131.

NOTE H – SUBSEQUENT EVENTS

On February 5, 2021, the Organization was approved for its second Small Business Payroll Protection Loan in the amount of \$75,000. Application was retroactively made in 2021 for the 2020 Employee Retention Tax Credit, (ERTC), which is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020 and before January 1, 2021. Additionally, application was made for the 2021 ERTC providing a tax credit of 70% of 2021 qualified wages. Both the second PPP loan and funds from the ERTC will be sufficient to pay 2021 payroll costs and rental expense.

The Organization’s classroom facilities were severely damaged from a storm on July 7, 2021. It is expected that the Organization’s insurance will remedy all of the financial losses caused by the storm’s damage.