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2013
Audit

044818

RIGHT TURN.BIZ, INC.
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013

DEBRA A. DOBBINS, CPA, P.C.
Certified Public Accountant

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RIGHT TURN.BIZ, INC.

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2019
AUDIT

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To the Board of Directors of
Right Turn.Biz, Inc.

2013
AUDIT

044818

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements of Right Turn.Biz, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the fiscal 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Right Turn.Biz, Inc. as of June 30, 2013, 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.

Debra A. Robbins, CPA, P.C.

February 13, 2014

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RIGHT TURN.BIZ, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013

ASSETS

CURRENT ASSETS

Cash	\$ 38,926
Accounts receivable	9,669
Prepaid expenses	9,295
<i>Total Current Assets</i>	57,890

FIXED ASSETS

Computer equipment	6,307
Equipment	5,150
Furniture & fixtures	3,058
Leasehold improvements	50,268
Vehicle	1,775
<i>Total Fixed Assets</i>	66,558
Less: Accumulated depreciation	(11,386)
<i>Net Fixed Assets</i>	55,172

OTHER ASSETS

Net intangible assets	2,500
Refundable security deposit	2,440
<i>Total Other Assets</i>	4,940

TOTAL ASSETS

\$ 118,002

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 23,884
Accrued payroll & payroll taxes	19,504
<i>Total Current Liabilities</i>	43,388

TOTAL LIABILITIES

43,388

NET ASSETS

Unrestricted net assets	74,614
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TOTAL NET ASSETS

74,614

TOTAL LIABILITIES AND NET ASSETS

\$ 118,002

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RIGHT TURN.BIZ, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Unrestricted</u>
REVENUE & OTHER SUPPORT	
Revenue & support from special events	\$ 2,435
Direct expenses	(4,432)
<i>Revenue & Net Support From Special Events</i>	<u>(1,997)</u>
 Other Revenue & Support:	
Contributions	116,337
Program fees	812,051
<i>Total Other Revenue & Support</i>	<u>928,388</u>
 Total Revenue & Other Support	 <u>926,391</u>
 EXPENSES	
Program services	791,321
Management & general	143,960
Fundraising	20,832
	<u>956,113</u>
 Total Expenses	 <u>956,113</u>
 Change in Net Assets	 (29,722)
 Net Assets at Beginning of Year	 <u>104,336</u>
 Net Assets at End of Year	 <u>\$ 74,614</u>

See Accompanying Notes and Independent Auditor's Report

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RIGHT TURN.BIZ, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Program Services		
	<u>Residential</u>	<u>Outpatient</u>	<u>Total</u>
	<u>House</u>	<u>Services</u>	<u>Program</u>
	\$	\$	\$
Accounting fees	-	-	-
Amortization	525	1,826	2,351
Bank charges	48	-	48
Catering	-	-	-
Conferences & meetings	-	1,053	1,053
Consulting services	538	35,698	36,236
Credit card fees	1,847	-	1,847
Depreciation	1,023	3,514	4,537
Dues & memberships	40	-	40
Expendable furniture	3,777	-	3,777
Filing fees	-	-	-
House management	30,950	-	30,950
Household supplies	4,471	-	4,471
Insurance expense	2,505	1,059	3,564
Interest expense	831	-	831
Internet access	651	-	651
Janitorial	970	-	970
Licenses & permits	-	5,900	5,900
Marketing & promotional services	15,007	19,845	34,852
Meals	31,638	7,005	38,643
Mentoring	20,689	-	20,689
Merchandise	-	-	-
Miscellaneous expense	-	1,361	1,361
Office expense	-	620	620
Office supplies	27	422	449
Outside services	1,631	27,652	29,283
Payroll	95,197	303,035	398,232
Payroll taxes	9,423	31,095	40,518
Postage & delivery	47	23	70
Printing & reproduction	-	-	-
Program expenses	4,826	2,161	6,987
Rent	36,000	41,528	77,528
Repairs	11,337	358	11,695
Telephone	30	3,519	3,549
Training	2,300	-	2,300
Transportation	15,468	39	15,507
Travel	67	50	117
Utilities	10,272	-	10,272
Vehicle lease	1,423	-	1,423
Total Expenses Before			
Special Events	<u>303,558</u>	<u>487,763</u>	<u>791,321</u>
Catering/hall rental	-	-	-
Outside services	-	-	-
Printing	-	-	-
Travel	-	-	-
Total Special Events	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>\$ 303,558</u>	<u>\$ 487,763</u>	<u>\$ 791,321</u>

See Accompanying Notes and Independent Auditor's Report

RIGHT TURN.BIZ, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Supporting Services				
Management & General	Fund- Raising	Total Supporting Services	Total Expenses	
\$ 11,640	\$ -	\$ 11,640	\$ 11,640	Accounting fees
394	-	394	2,745	Amortization
2,163	-	2,163	2,211	Bank charges
-	1,454	1,454	1,454	Catering
14,677	215	14,892	15,945	Conferences & meetings
-	-	-	36,236	Consulting services
6,775	-	6,775	8,622	Credit card fees
767	-	767	5,304	Depreciation
317	-	317	357	Dues & memberships
-	-	-	3,777	Expendable furniture
868	-	868	868	Filing fees
-	-	-	30,950	House management
-	-	-	4,471	Household supplies
3,513	48	3,561	7,125	Insurance expense
3,600	-	3,600	4,431	Interest expense
1,694	-	1,694	2,345	Internet access
1,678	-	1,678	2,648	Janitorial
350	-	350	6,250	Licenses & permits
9,322	791	10,113	44,965	Marketing & promotional services
2,022	-	2,022	40,665	Meals
-	-	-	20,689	Mentoring
112	-	112	112	Merchandise
369	-	369	1,730	Miscellaneous expense
3,931	-	3,931	4,551	Office expense
2,028	-	2,028	2,477	Office supplies
2,262	-	2,262	31,545	Outside services
52,992	12,550	65,542	463,774	Payroll
5,182	1,413	6,595	47,113	Payroll taxes
287	-	287	357	Postage & delivery
14	179	193	193	Printing & reproduction
-	-	-	6,987	Program expenses
2,263	3,661	5,924	83,452	Rent
1,765	-	1,765	13,460	Repairs
3,958	-	3,958	7,507	Telephone
1,297	-	1,297	3,597	Training
497	-	497	16,004	Transportation
7,223	521	7,744	7,861	Travel
-	-	-	10,272	Utilities
-	-	-	1,423	Vehicle lease
143,960	20,832	164,792	956,113	Total Expenses Before Special Events
-	35	35	35	Catering/hall rental
-	3,525	3,525	3,525	Outside services
-	50	50	50	Printing
-	822	822	822	Security
-	4,432	4,432	4,432	Total Special Events
\$ 143,960	\$ 25,264	\$ 169,224	\$ 960,545	TOTAL EXPENSES

See Accompanying Notes and Independent Auditor's Report

RIGHT TURN.BIZ, INC.
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash paid for special events	\$ (1,997)
Cash received from contributors	107,687
Cash received from program fees	806,042
Cash paid to employees & vendors	<u>(931,948)</u>
Net Cash (Used) By Operating Activities	<u>(20,216)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of fixed assets	<u>(1,377)</u>
Net Cash (Used) By Investing Activities	<u>(1,377)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal payments on long-term borrowings	<u>(67,368)</u>
Net Cash (Used) By Financing Activities	<u>(67,368)</u>

Net decrease in cash	(88,961)
Cash at beginning of year	<u>127,887</u>
 Cash At End Of Year	 <u>\$ 38,926</u>

**RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH (USED) BY OPERATING ACTIVITIES:**

Change in net assets	\$ (29,722)
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Adjustments to reconcile change in net assets to net cash (used) by operating activities:

Depreciation	5,304
Amortization	2,745
Noncash donations	(5,150)
 (Increase) in accounts receivable	 (6,009)
Decrease in inventory	112
(Increase) in prepaid expenses	(5,564)
Increase in accounts payable	13,384
Increase in accrued payroll & payroll taxes	4,684
Net Cash (Used) By Operating Activities	<u>\$ (20,216)</u>

SUPPLEMENTAL DISCLOSURES:

Interest Expense	<u>\$ 4,431</u>
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RIGHT TURN.BIZ, INC.
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Operation

Right Turn.Biz, Inc. (the Organization), was incorporated under the laws of the Commonwealth of Massachusetts in 2003. The Organization was formed for the purpose of rehabilitating and educating those persons with alcohol or drug addiction in order to assist their re-entry into society as self-sufficient persons. The Organization is supported primarily by program service fees, contributions and special events.

Programs

Intensive Outpatient Program (IOP): The Organization offers an intensive outpatient program consisting of group and individual therapy, addiction education, relapse prevention, anger management and medication evaluation spread over the week. On occasion, the Organization will offer a reduced rate to medically indigent individuals in need of counseling.

Outpatient Clinic: The Organization has an outpatient counseling program to help people maintain their sobriety. This program provides a full range of supportive after-care services. Therapists rent space from the Organization and see private or referred clients and do their own billing.

Intervention: The Organization offers intervention services under the guidance of Woody Giessmann, a Board Registered Interventionist. Woody works with family members and friends of a chemically dependent person to get help for his/her problem. Interventions are considered successful when they result in the addict agreeing to enter a drug or alcohol treatment program.

Medication Assisted Treatment (MAT): The Organization provides a weekly program for people struggling with alcohol, opiate, and other addictive disorders. Services include therapy, group therapy, family services, psychiatry and self-help groups, and adjunct medication.

Right Turn LIVE!: The Organization provides people in recovery with a safe performance venue because creativity is an integral part of Right Turn.Biz, Inc. The performance venue also provides a community of creative individuals who share a common commitment to recovery.

Transitional Housing for Men: The Organization provides supervised housing for seven adult men. The goal of this program is to help residents build a clean and sober support network and develop life skills needed in sobriety. Work out facilities and gym memberships are provided. Residents are transported to the Organization's facility five days a week to participate in the Intensive Outpatient Program.

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RIGHT TURN.BIZ, INC.
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Basis of Revenue and Expense Recognition

The financial statements of the Organization have been prepared on the accrual basis of accounting, recognizing revenue and support when earned and expenses when incurred.

Basis of Presentation

Right Turn.Biz, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates

The preparation 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 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash includes institutional liquid assets.

Fixed Assets

Fixed assets are recorded at cost at the date of acquisition, or if donated, at the approximate fair market value at the date of donation. The Organization follows the practice of capitalizing all expenditures for fixed assets in excess of \$500 and repairs and maintenance are expensed as incurred. Depreciation is provided over the estimated useful life of each class of fixed assets and is computed using the straight-line method.

The useful life adopted for the purpose of computing depreciation is:

Computer Equipment	3 - 5 years
Equipment	5 years
Furniture & Fixtures	7 years
Leasehold Improvements	15 - 39 years
Vehicle	5 years

Depreciation expense for the fiscal year ended June 30, 2013 was \$5,304.

RIGHT TURN.BIZ, INC.
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Intangible Assets

Intangible assets represent website development and loan fees. These intangible assets are being amortized on a straight-line basis over the estimated useful life of three years.

Amortization expense for the fiscal year ended June 30, 2013 was \$2,745.

Revenue Recognition and Contributions

Restricted and unrestricted contributions are recognized at the time in which the donor makes a promise to give to the Organization, or in the case of a grant, contributions are recognized at the time in which they are awarded.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, then the Organization reports the support unrestricted. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. All unconditional promises to give for the fiscal year ended June 30, 2013 were due in less than one year. No allowance for uncollectable promises to give has been established.

Donated Materials and Services

The Organization records various types of donated materials and services. Professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated materials are recognized at fair market value at the date of donation. The amounts reflected in the accompanying financial statements as donated materials and services are offset by like amounts included in expenses and are considered noncash activities.

In addition to what has been recorded in the accompanying financial statements, many other individuals contributed, at no cost to the Organization, their time and effort but do not meet the criteria for recognition in accordance with generally accepted accounting principles. The fair market value of these individuals' time and effort has not been determined and is not reflected in the accompanying financial statements. Nevertheless, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs and various committee assignments.

RIGHT TURN.BIZ, INC.
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

The Organization received the following donated materials and services without charge:

	<u>Program</u> <u>Services</u>	<u>Total</u>
Gym Equipment	\$ 4,000	\$ 4,000
1979 Takamine Guitter & Hardcase	1,150	1,150
Expendable Furniture	<u>3,500</u>	<u>3,500</u>
Total	<u>\$ 8,650</u>	<u>\$ 8,650</u>

Income Taxes

The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities, and is classified as a business entity that is not a private foundation within the meaning of Section 509(a). The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Contributions to the Organization qualify for deductible contributions as provided in Section 170(b)(1)(A)(vi).

The Organization's Forms 990, Return of Organization Exempt From Income Tax for 2009, 2010, and 2011 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Advertising

Advertising costs, which are included in marketing and promotional services, are charged to operations when incurred. Total advertising expense for the fiscal year ended June 30, 2013 was \$44,965.

NOTE 2 LINE OF CREDIT

On July 18, 2013, the Organization obtained a \$50,000 line of credit. Bank advances on the credit line are payable on demand and carry an interest rate of 5%. The credit line is secured by substantially all assets of the Organization. The line of credit provides for overdraft protection for the Organization's checking account.

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RIGHT TURN.BIZ, INC.
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 LEASING ARRANGEMENTS

Facilities

On December 23, 2011, the Organization signed into a two year lease on its Arlington office, commencing on January 1, 2013. There is an option to renew the lease for an additional year at a rental rate to be negotiated.

The office is being subleased to tenants renting from the Organization on a month-to-month basis.

On September 30, 2011, the Organization signed into a five year lease on a residential home to be used as a "Sober House. There are two options to renew the lease for an additional five years at a mutually agreeable rent, but not to exceed 3% per year for each year in the renewal period or 15% per five-year period.

Rent expense amounted to \$98,357 which was offset by subleases totaling \$14,905 during the fiscal year ended June 30, 2013.

Vehicles

The Organization leases a van under a three year lease expiring February 22, 2016. Annual lease payments are \$4,268. Lease expense for vehicles was \$1,423 for the fiscal year ended June 30, 2013. The Organization has been reimbursed for these lease payments by a board member in the amount of \$1,423.

The following is a schedule of future minimum rental payments required under the above operating leases as of June 30, 2013:

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 72,522
2015	40,268
2016	38,845
2017	9,000
Total	<u>\$ 160,635</u>

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RIGHT TURN.BIZ, INC.
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 RELATED PARTY TRANSACTIONS

A member of the board of directors provided marketing and website development services to the Organization in the amount of \$33,913. Amounts paid during the fiscal year were \$33,913.

The Executive Director, whom is also a member of the board of directors, was reimbursed for travel expenses, during the fiscal year ended June 30, 2013, in the amount of \$900. In addition, the Executive Director was compensated as an employee of the Organization, during the fiscal year ended June 30, 2013, in the amount of \$91,740.

An Honorary member and a member of the board of directors were both reimbursed for travel and fundraising services, during the fiscal year ended June 30, 2013, in the amount of \$1,365.

A member of the board of directors donated \$500 to the Organization during the fiscal year ended June 30, 2013, for general support.

NOTE 5 SUBSEQUENT EVENTS

Refer to Note 3.

The Organization has evaluated subsequent events through February 13, 2014, the date which the financial statements were available to be issued.