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2014
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044818

RIGHT TURN.BIZ, INC.
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014

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

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RIGHT TURN.BIZ, INC.

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2014 Audit

Debra A. Dobbins, P.C.

Certified Public Accountant

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

04/48/8
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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, 2014, 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, 2014, 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. Dobbins, CPA, P.C.

December 10, 2014

RIGHT TURN.BIZ, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

ASSETS

CURRENT ASSETS

Cash	\$ 20,367
Accounts receivable	29,680
Prepaid expenses	5,506
<i>Total Current Assets</i>	<u>55,553</u>

FIXED ASSETS

Computer equipment	26,173
Equipment	5,750
Furniture & fixtures	6,382
Leasehold improvements	114,642
<i>Total Fixed Assets</i>	<u>152,947</u>
Less: Accumulated depreciation	(16,916)
<i>Net Fixed Assets</i>	<u>136,031</u>

OTHER ASSETS

Net intangible assets	15,882
Refundable security deposit	2,440
<i>Total Other Assets</i>	<u>18,322</u>

TOTAL ASSETS

\$ 209,906

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 55,888
Accrued expenses	6,514
Accrued payroll & payroll taxes	29,332
Current portion of long-term debt	6,392
<i>Total Current Liabilities</i>	<u>98,126</u>

Long-term debt, net of current portion	<u>28,075</u>
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TOTAL LIABILITIES

126,201

NET ASSETS

Unrestricted net assets	<u>83,705</u>
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TOTAL NET ASSETS

83,705

TOTAL LIABILITIES AND NET ASSETS

\$ 209,906

See Accompanying Notes and Independent Auditor's Report

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RIGHT TURN.BIZ, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Unrestricted</u>
REVENUE & SUPPORT	
Revenue & support from special events	\$ 26,486
Direct expenses	(39,498)
<i>Revenue & Net Support From Special Events</i>	<i>(13,012)</i>
Other Revenue & Support:	
Contributions & grants	134,240
Program fees	970,956
<i>Total Other Revenue & Support</i>	<i>1,105,196</i>
Total Revenue & Support	1,092,184
EXPENSES	
Program services	913,226
Management & general	154,977
Fundraising	13,529
	1,081,732
Total Expenses	1,081,732
Change in Net Assets	10,452
Net Assets at Beginning of Year, As Restated	73,253
Net Assets at End of Year	\$ 83,705

See Accompanying Notes and Independent Auditor's Report

RIGHT TURN.BIZ, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Program Services		
	<u>Residential</u>	<u>Outpatient Services</u>	<u>Total Program Services</u>
Accounting fees	\$ -	\$ -	\$ -
Amortization	334	1,084	1,418
Bank & credit card charges	-	485	485
Conferences & meetings	571	24,819	25,390
Depreciation	1,189	3,864	5,053
Donations	-	100	100
Dues & memberships	-	-	-
Expendable equipment & furniture	11,427	-	11,427
Insurance expense	3,634	3,928	7,562
Interest expense	-	-	-
Internet access	252	592	844
Janitorial	18	59	77
Licenses & permits	-	-	-
Marketing & promotional services	16,995	35,164	52,159
Meals	43,238	10,913	54,151
Office expense	-	-	-
Office supplies	157	-	157
Outside services	76,536	30,289	106,825
Payroll	135,269	294,860	430,129
Payroll taxes	10,214	32,296	42,510
Program expenses	7,824	12,539	20,363
Rent	65,567	53,576	119,143
Repairs	7,576	-	7,576
Telephone	-	2,270	2,270
Training	100	3,740	3,840
Transportation	3,155	-	3,155
Utilities	16,847	-	16,847
Vehicle lease	1,745	-	1,745
Total Expenses Before Special Events	402,648	510,578	913,226
Facility rent & location costs	-	-	-
Entertainment	-	-	-
Hotels & travel	-	-	-
Promotion	-	-	-
Total Special Events	-	-	-
TOTAL EXPENSES	\$ 402,648	\$ 510,578	\$ 913,226

See Accompanying Notes and Independent Auditor's Report

RIGHT TURN.BIZ, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Supporting Services				
Management & General	Fund- Raising	Total Supporting Services	Total Expenses	
\$ 14,229	\$ -	\$ 14,229	\$ 14,229	Accounting fees
200	50	250	1,668	Amortization
13,846	-	13,846	14,331	Bank & credit card charges
3,289	-	3,289	28,679	Conferences & meetings
713	178	891	5,944	Depreciation
400	100	500	600	Donations
802	-	802	802	Dues & memberships
-	-	-	11,427	Expendable equipment & furniture
1,024	-	1,024	8,586	Insurance expense
3,924	-	3,924	3,924	Interest expense
227	-	227	1,071	Internet access
5,159	-	5,159	5,236	Janitorial
400	-	400	400	Licenses & permits
2,920	59	2,979	55,138	Marketing & promotional services
6,497	-	6,497	60,648	Meals
3,959	-	3,959	3,959	Office expense
3,252	-	3,252	3,409	Office supplies
18,234	-	18,234	125,059	Outside services
53,301	11,653	64,954	495,083	Payroll
5,957	1,489	7,446	49,956	Payroll taxes
-	-	-	20,363	Program expenses
10,769	-	10,769	129,912	Rent
1,258	-	1,258	8,834	Repairs
4,042	-	4,042	6,312	Telephone
-	-	-	3,840	Training
575	-	575	3,730	Transportation
-	-	-	16,847	Utilities
-	-	-	1,745	Vehicle lease
154,977	13,529	168,506	1,081,732	Total Expenses Before Special Events
-	14,799	14,799	14,799	Facility rent & location costs
-	14,500	14,500	14,500	Entertainment
-	6,423	6,423	6,423	Hotels & travel
-	3,776	3,776	3,776	Promotion
-	39,498	39,498	39,498	Total Special Events
\$ 154,977	\$ 53,027	\$ 208,004	\$ 1,121,230	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, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash paid for special events	\$ (13,012)
Cash received from contributors	132,288
Cash received from program fees	949,945
Cash paid to employees & vendors	<u>(1,021,986)</u>
Net Cash Provided By Operating Activities	<u>47,235</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of fixed assets	(85,212)
Purchase of intangible assets	<u>(15,050)</u>
Net Cash (Used) By Investing Activities	<u>(100,262)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from long-term borrowings	35,000
Principal payments on long-term borrowings	(533)
Proceeds from line of credit	28,335
Principal payments on line of credit	<u>(28,335)</u>
Net Cash Provided By Financing Activities	<u>34,467</u>

Net decrease in cash	(18,560)
Cash at beginning of year	<u>38,927</u>

Cash At End Of Year	<u><u>\$ 20,367</u></u>
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**RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Change in net assets	\$ 10,452
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Adjustments to reconcile change in net assets to
net cash provided by operating activities:

Depreciation	5,944
Amortization	1,668
Noncash donations	(1,952)
(Increase) in accounts receivable	(21,011)
Decrease in prepaid expenses	3,789
Increase in accounts payable	32,004
Increase in accrued expenses	6,514
Increase in accrued payroll & payroll taxes	<u>9,827</u>
Net Cash Provided By Operating Activities	<u><u>\$ 47,235</u></u>

SUPPLEMENTAL DISCLOSURES:

Interest Expense	<u><u>\$ 3,924</u></u>
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See Accompanying Notes and Independent Auditor's Report

RIGHT TURN.BIZ, INC.
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2014

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

Extended Care Housing for Men and Women: The Organization provides separate supervised housing for 8 men and 8 women. 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.

Intensive Outpatient Program (IOP): The Organization offers an intensive three to six month early recovery outpatient program which provides clinical services and structure for life in sobriety. Groups meet daily and individuals attend gender specific groups, receive weekly individual therapy, evaluations by our physicians, family services, and are provided resources in addiction education, relapse prevention, anger management, wellness, yoga, nutrition, and expressive workshops that are unique to their program.

Intervention: The Organization offers intervention services under the guidance of Woody Giessmann, a Certified Intervention Professional (CIP) and Licensed Clinician (LADC). Woody works with family members and friends of a chemically dependent person in the selection of a safe and appropriate program, making all arrangements for treatment in advance.

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.

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 to include; weekly and group therapy and family services.

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.

RIGHT TURN.BIZ, INC.
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2014

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, 2014 was \$5,944.

RIGHT TURN.BIZ, INC.
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2014

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.

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, 2014 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, 2014

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

The Organization received the following donated materials without charge:

	<u>Program</u> <u>Services</u>	<u>Total</u>
Kitchen Cabinet Unit	\$ 1,352	\$ 1,352
Drum Set	600	600
Total	<u>\$ 1,952</u>	<u>\$ 1,952</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 2010, 2011, and 2012 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, 2014 was \$58,914.

NOTE 2 INTANGIBLE ASSETS

On May 21, 2014, the Organization signed into a trademark purchase agreement for all rights, title and interest in the "Right Turn" trademark used in connection with substance abuse treatment services. Since trademarks are considered to have indefinite lives, generally accepted accounting principles, do not allow amortization. However, trademarks are subject to an annual impairment test. As of June 30, 2014, there was no impairment of the trademark.

RIGHT TURN.BIZ, INC.
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2014

NOTE 2 INTANGIBLE ASSETS (continued)

Intangible assets consist of the following at June 30, 2014:

Amortized Intangible Assets:	
Website Development	\$ 5,000
Loan Fees	<u>50</u>
	5,050
Less: Accumulated Amortization	<u>4,168</u>
Net Amortized Intangible Assets	<u>882</u>
Unamortized Intangible Assets:	
Trademark	<u>15,000</u>
Total Intangible Assets – Net	<u>\$ 15,882</u>

Amortization expense for the fiscal year ended June 30, 2014 was \$1,668.

Estimated amortization expense is \$882 for the next five years. The Organization's future cash flows are not materially impacted by its ability to extend or renew agreements related to its amortizable intangible assets. None of the intangible assets have renewal or extension terms.

NOTE 3 LINE OF CREDIT

The Organization has available 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. On June 26, 2014, the credit line was extended to July 18, 2015. The line of credit provides for overdraft protection for the Organization's checking account. During the fiscal year ended June 30, 2014, \$28,335 was borrowed and \$28,335 was repaid. There was no outstanding balance at June 30, 2014.

NOTE 4 LONG-TERM DEBT

Long-term debt at June 30, 2014, consisted of the following:

Note payable to the bank, payable in monthly installments of \$657.68, including interest at 4.75%, maturing May 2019. Secured by substantially all assets.	\$ 34,467
Less: Current Portion	<u>6,392</u>
Total Long-Term Debt	<u>\$ 28,075</u>

RIGHT TURN.BIZ, INC.
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 LONG-TERM DEBT (continued)

The following are maturities of long-term debt for each of the next five years:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2015	\$ 6,392
2016	6,703
2017	7,629
2018	6,768
2019	<u>6,975</u>
Total	<u>\$ 34,467</u>

NOTE 5 LEASING ARRANGEMENTS

Facilities

The Organization leases its Arlington office on a tenant-at-will basis.

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 "Men's 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.

On March 24, 2014, the Organization signed into a five year lease on a residential home to be used as a "Women's Sober House," commencing on April 1, 2014. There is an option to renew the lease for two additional five year terms at a mutually agreeable rent.

Rent expense amounted to \$129,912 which was offset by subleases totaling \$9,175 during the fiscal year ended June 30, 2014.

Vehicles

The Organization leases a van under a three year lease expiring February 22, 2016. Annual lease payments are \$4,268. Lease expense for this vehicle was \$1,398 for the fiscal year ended June 30, 2014 which was offset by reimbursements for these lease payments by a board member in the amount of \$2,870. In addition, the board member was reimbursed for other vehicle expenses during the fiscal year in the amount of \$584.

RIGHT TURN.BIZ, INC.
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2014

NOTE 5 LEASING ARRANGEMENTS (continued)

On May 27, 2014, the Organization signed into a three year lease on a van expiring May 25, 2017. Annual lease payments are \$4,167. Lease expense for this vehicle was \$347 for the fiscal year ended June 30, 2014.

The following is a schedule of future minimum rental payments required under the above operating leases as of June 30, 2014:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 102,610
2016	104,921
2017	68,254
2018	66,060
2019	<u>50,652</u>
Total	<u>\$ 392,497</u>

NOTE 6 RELATED PARTY TRANSACTIONS

A member of the board of directors provided marketing and website development services to the Organization in the amount of \$56,171. Amounts paid during the fiscal year were \$53,921.

The Executive Director, whom is also a member of the board of directors, was compensated as an employee of the Organization, during the fiscal year ended June 30, 2014, in the amount of \$92,685.

Members of the board of directors donated \$10,550 to the Organization during the fiscal year ended June 30, 2014, \$7,550 was for general support. The remaining \$3,000 was restricted support and all restrictions were satisfied in the current fiscal year, and accordingly has been reported as unrestricted net assets in the statement of activities.

NOTE 7 PRIOR PERIOD ADJUSTMENT

Unrestricted net assets at the beginning of fiscal year ended June 30, 2014 have been adjusted for a loss on disposal of a fixed asset not recognized in error in prior years. The correction has no effect on the results of the current year's activities; however the effect decreases beginning unrestricted net assets for fiscal year ended June 30, 2014, by \$1,361.

NOTE 8 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 10, 2014, the date which the financial statements were available to be issued.