



**(FORMERLY, ADOPTION AND FOSTER CARE MENTORING, INC.)**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**SILVER LINING MENTORING, INC. (FORMERLY, ADOPTION AND FOSTER CARE MENTORING, INC.)**

Contents  
December 31, 2015 and 2014

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## Independent Auditor's Report

To the Board of Directors of  
Silver Lining Mentoring, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Silver Lining Mentoring, Inc. (formerly, Adoption and Foster Care Mentoring, Inc.) (a Massachusetts corporation, not for profit) which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, changes in net assets, 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 audits 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 an 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 an entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Silver Lining Mentoring, Inc. (formerly, Adoption and Foster Care Mentoring, Inc.) as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Alexander, Acorn, Fenning & Co., P.C.*  
Boston, Massachusetts  
May 5, 2016

**SILVER LINING MENTORING, INC. (FORMERLY, ADOPTION AND FOSTER CARE MENTORING, INC.)**Statements of Financial Position  
December 31, 2015 and 2014

<b>Assets</b>	<b>2015</b>	<b>2014</b>
Current Assets:		
Cash and cash equivalents	\$ 1,007,718	\$ 954,493
Accounts and contributions receivable	132,718	118,451
Prepaid expenses	23,285	15,981
Total current assets	1,163,721	1,088,925
Property and equipment, net	33,402	20,133
Total assets	<u>\$ 1,197,123</u>	<u>\$ 1,109,058</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable	\$ 16,688	\$ 5,322
Accrued expenses	31,569	37,334
Total current liabilities	48,257	42,656
Net Assets:		
Unrestricted:		
Operating	591,752	577,712
Board designated	390,000	300,000
Property and equipment	33,402	20,133
Total unrestricted	1,015,154	897,845
Temporarily restricted	133,712	168,557
Total net assets	1,148,866	1,066,402
Total liabilities and net assets	<u>\$ 1,197,123</u>	<u>\$ 1,109,058</u>

**SILVER LINING MENTORING, INC. (FORMERLY, ADOPTION AND FOSTER CARE MENTORING, INC.)**

Statements of Activities

For the Years Ended December 31, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support:</b>						
Fundraising event contributions and support	\$ 248,243	\$ -	\$ 248,243	\$ 194,506	\$ -	\$ 194,506
Less - direct expenses	29,668	-	29,668	21,163	-	21,163
Fundraising event contributions and support, net	218,575	-	218,575	173,343	-	173,343
Grants and contributions	574,359	100,000	674,359	589,705	185,000	774,705
Contracts	82,669	-	82,669	138,604	-	138,604
Interest and other	552	-	552	292	-	292
Net assets released from restrictions:						
Satisfaction of time restrictions	82,345	(82,345)	-	137,693	(137,693)	-
Satisfaction of purpose restrictions	52,500	(52,500)	-	35,891	(35,891)	-
Total revenue and support	1,011,000	(34,845)	976,155	1,075,528	11,416	1,086,944
<b>Expenses:</b>						
Program services	638,904	-	638,904	545,705	-	545,705
General and administrative	76,933	-	76,933	84,403	-	84,403
Fundraising	177,854	-	177,854	151,355	-	151,355
Total expenses	893,691	-	893,691	781,463	-	781,463
Changes in net assets	\$ 117,309	\$ (34,845)	\$ 82,464	\$ 294,065	\$ 11,416	\$ 305,481

**SILVER LINING MENTORING, INC. (FORMERLY, ADOPTION AND FOSTER CARE MENTORING, INC.)**Statements of Changes in Net Assets  
For the Years Ended December 31, 2015 and 2014

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	<u>Unrestricted</u>	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Net Assets</b> , December 31, 2013	\$ 603,780	\$ -	\$ 157,141	\$ 760,921
Changes in net assets	294,065	-	11,416	305,481
Transfers	<u>(300,000)</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
<b>Net Assets</b> , December 31, 2014	597,845	300,000	168,557	1,066,402
Changes in net assets	117,309	-	(34,845)	82,464
Transfers	<u>(90,000)</u>	<u>90,000</u>	<u>-</u>	<u>-</u>
<b>Net Assets</b> , December 31, 2015	<u>\$ 625,154</u>	<u>\$ 390,000</u>	<u>\$ 133,712</u>	<u>\$ 1,148,866</u>

**SILVER LINING MENTORING, INC. (FORMERLY, ADOPTION AND FOSTER CARE MENTORING, INC.)**

## Statements of Cash Flows

For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 82,464	\$ 305,481
Adjustments to reconcile changes in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	12,000	10,933
Changes in operating assets and liabilities:		
Accounts and contributions receivable	(14,267)	(42,693)
Prepaid expenses	(7,304)	(7,710)
Accounts payable	(501)	2,226
Accrued expenses	<u>(5,765)</u>	<u>451</u>
Net cash and cash equivalents provided by operating activities	66,627	268,688
<b>Cash Flows from Investing Activities:</b>		
Acquisition of property and equipment	<u>(13,402)</u>	<u>(13,600)</u>
<b>Net Change in Cash and Cash Equivalents</b>	53,225	255,088
<b>Cash and Cash Equivalents:</b>		
Beginning of year	<u>954,493</u>	<u>699,405</u>
End of year	<u><u>\$ 1,007,718</u></u>	<u><u>\$ 954,493</u></u>
<b>Supplemental Disclosure of Non-Cash Transactions:</b>		
Purchase of property and equipment financed by accounts payable	<u><u>\$ 11,867</u></u>	<u><u>\$ -</u></u>

**SILVER LINING MENTORING, INC. (FORMERLY, ADOPTION AND FOSTER CARE MENTORING, INC.)**

Statements of Functional Expenses  
For the Years Ended December 31, 2015 and 2014

	2015				2014			
	Program Services	General and Administrative	Fundraising	Total Expenses	Program Services	General and Administrative	Fundraising	Total Expenses
<b>Personnel and Related:</b>								
Salaries	\$ 395,565	\$ 56,531	\$ 126,809	\$ 578,905	\$ 348,730	\$ 39,186	\$ 116,337	\$ 504,253
Fringe benefits	51,736	7,608	16,738	76,082	29,484	3,313	9,836	42,633
Payroll taxes	34,389	5,057	11,126	50,572	30,284	3,403	10,103	43,790
Total personnel and related	<u>481,690</u>	<u>69,196</u>	<u>154,673</u>	<u>705,559</u>	<u>408,498</u>	<u>45,902</u>	<u>136,276</u>	<u>590,676</u>
<b>Occupancy:</b>								
Rent	29,242	2,946	8,839	41,027	29,774	1,861	5,583	37,218
Utilities	8,818	551	1,653	11,022	5,700	356	1,069	7,125
Total occupancy	<u>38,060</u>	<u>3,497</u>	<u>10,492</u>	<u>52,049</u>	<u>35,474</u>	<u>2,217</u>	<u>6,652</u>	<u>44,343</u>
<b>Other:</b>								
Program expenses	41,602	-	-	41,602	31,132	-	-	31,132
Professional fees	23,884	1,493	4,479	29,856	996	31,569	-	32,565
Professional development and training	13,058	825	2,448	16,331	12,016	1,571	1,380	14,967
Telecommunications and technology	10,145	634	1,902	12,681	13,654	853	2,560	17,067
Depreciation	11,573	107	320	12,000	10,933	-	-	10,933
Printing and postage	6,738	420	1,261	8,419	7,259	454	1,361	9,074
Insurance	5,373	336	1,007	6,716	8,485	530	1,591	10,606
Office expense	3,322	208	623	4,153	6,206	721	615	7,542
Mentor recruitment	1,769	111	332	2,212	6,362	-	335	6,697
Travel	1,690	106	317	2,113	4,690	586	585	5,861
Total other	<u>119,154</u>	<u>4,240</u>	<u>12,689</u>	<u>136,083</u>	<u>101,733</u>	<u>36,284</u>	<u>8,427</u>	<u>146,444</u>
Total expenses	<u>\$ 638,904</u>	<u>\$ 76,933</u>	<u>\$ 177,854</u>	<u>\$ 893,691</u>	<u>\$ 545,705</u>	<u>\$ 84,403</u>	<u>\$ 151,355</u>	<u>\$ 781,463</u>

The accompanying notes are an integral part of these statements.



## SILVER LINING MENTORING, INC. (FORMERLY, ADOPTION AND FOSTER CARE MENTORING, INC.)

Notes to Financial Statements  
December 31, 2015 and 2014

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

#### OPERATIONS AND NONPROFIT STATUS

Adoption and Foster Care Mentoring, Inc. is a Massachusetts corporation, not for profit, organized in 2001 to provide mentoring and life skills support to youth involved in foster care. Effective May 15, 2015 the Board of Directors voted to change the name of the organization to Silver Lining Mentoring, Inc. (SLM).

SLM is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). SLM is also exempt from state income taxes. Donors may deduct contributions made to SLM within IRC requirements.

#### SIGNIFICANT ACCOUNTING POLICIES

SLM prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

#### Cash and Cash Equivalents

For the purpose of the statements of cash flows, management considers a checking, savings and money market accounts to be cash and cash equivalents.

#### Accounts and Contributions Receivable and Allowance for Doubtful Accounts

Accounts and contributions receivable are recorded at the invoiced or pledged amounts and do not bear interest. The allowance, if any, is based upon specific identification of probable losses and an estimate of additional losses based on historical experience. Account balances are charged off against the allowance when it is probable that the receivable will not be recovered. There was no allowance for doubtful accounts at December 31, 2015 and 2014.

#### Net Assets

##### *Unrestricted Net Assets*

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by SLM. SLM has grouped its unrestricted net assets into the following categories:

***Operating net assets*** represent funds available to carry on the operations of SLM.

***Board designated net assets*** represent funds set aside by the Board of Directors for future strategic growth initiatives.

***Property and equipment net assets*** represent the net book value of SLM's property and equipment.

## SILVER LINING MENTORING, INC. (FORMERLY, ADOPTION AND FOSTER CARE MENTORING, INC.)

Notes to Financial Statements  
December 31, 2015 and 2014

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Net Assets (Continued)

**Temporarily restricted net assets** consist of contributions and grants which are designated by donors for a specific purpose or a period of time. Temporarily restricted net assets consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Time restricted	\$ 133,712	\$ 116,057
Purpose restricted	<u>-</u>	<u>52,500</u>
	<u>\$ 133,712</u>	<u>\$ 168,557</u>

##### Revenue Recognition

Unrestricted grants and contributions are recorded as revenue when received or unconditionally pledged. Restricted grants and contributions are recorded as temporarily restricted revenues and net assets when received or unconditionally pledged. Transfers are made to unrestricted net assets as costs are incurred or time restrictions or purpose restrictions have lapsed.

Contract revenue is recorded over the contract period as services are provided based on a unit rate. All other revenue is recognized when earned.

Fundraising events revenue represents sponsorships, ticket sales and auction proceeds from special events and is recorded in the period in which the event takes place. Expenses relating to fundraising events totaled \$29,668 and \$21,163 for the years ended December 31, 2015 and 2014, respectively, and are reported as direct expenses in the accompanying statements of activities.

##### Donated Services

SLM also receives services of volunteers and donated goods in various aspects of its programs. The value of these goods and services is not reflected in the accompanying financial statements, since the value is not ascertainable and does not meet the criteria under ASC Topic, *Accounting for Contributions Received and Contributions Made*.

##### Estimates

The preparation of financial statements in accordance with U.S. GAAP 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.

## SILVER LINING MENTORING, INC. (FORMERLY, ADOPTION AND FOSTER CARE MENTORING, INC.)

Notes to Financial Statements  
December 31, 2015 and 2014

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Fair Value Measurements

SLM follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that SLM would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

SLM uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of SLM. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

##### Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Renewals and betterments are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as they are incurred. SLM's policy is to capitalize property and equipment costing \$1,000 or more. Depreciation of property and equipment is computed using the straight-line method over estimated useful lives of three years (see Note 2).

##### Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated to program services, general and administrative, and fundraising based upon management's estimate of the percentage attributable to each function.

## SILVER LINING MENTORING, INC. (FORMERLY, ADOPTION AND FOSTER CARE MENTORING, INC.)

Notes to Financial Statements  
December 31, 2015 and 2014

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Income Taxes

SLM accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. SLM has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements as of December 31, 2015 and 2014.

##### Subsequent Events

Subsequent events have been evaluated through May 5, 2016, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

### 2. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>Estimated Useful Lives</u>	<u>2015</u>	<u>2014</u>
Software	3 years	\$ 30,319	\$ 30,319
Office equipment	3 years	<u>48,687</u>	<u>23,418</u>
		79,006	53,737
Less - accumulated depreciation		<u>45,604</u>	<u>33,604</u>
		<u>\$ 33,402</u>	<u>\$ 20,133</u>

Depreciation expense was \$12,000 and \$10,933 for the years ended December 31, 2015 and 2014, respectively.

### 3. FUNDING AND CONCENTRATIONS

SLM receives contract revenue from a government agency for services rendered under a unit rate contract. This contract is subject to possible audit by the appropriate government agency. In the opinion of management, the results of such audit, if any, will not have a material effect on the financial position of SLM as of December 31, 2015 and 2014, or on the changes in its net assets for the years then ended.

Approximately 8% and 13% of total operating revenue and support was received from one government agency during the years ended December 31, 2015 and 2014, respectively.

Approximately 71% and 63% of accounts and contributions receivable as of December 31, 2015 and 2014, was due from two and one nonprofit organizations, respectively.

## SILVER LINING MENTORING, INC. (FORMERLY, ADOPTION AND FOSTER CARE MENTORING, INC.)

Notes to Financial Statements  
December 31, 2015 and 2014

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### 4. LEASES

SLM has entered into a three-year lease agreement for office space effective July 2013 through June 2016. SLM is also responsible for its share of real estate taxes assessed on the property, as well as for its use of utilities. SLM subleases a portion of this space to two organizations under sublease agreements. Rent expense is reported net of sublease income in the accompanying statements of functional expenses.

During 2015, SLM signed an agreement extending the lease through June 30, 2020. Under this agreement, SLM is obligated to pay monthly lease payments of \$6,300. SLM is also responsible for its share of real estate taxes assessed on the property, as well as for its use of utilities.

Future minimum lease payments, excluding real estate taxes and utilities, under the lease agreement are as follows:

2016	\$ 66,000
2017	\$ 75,600
2018	\$ 75,600
2019	\$ 75,600
2020	\$ 37,800

### 5. CONCENTRATION OF CREDIT RISK

SLM maintains its cash balances in a Massachusetts bank and is insured with the limits of the Federal Deposit Insurance Corporation (FDIC). At certain times during the year, the cash balance exceeded the insured amount. SLM has not experienced any losses in such accounts. SLM's management believes it is not exposed to any significant credit risk on cash.

### 6. RECLASSIFICATION

Certain amounts in the 2014 financial statements have been reclassified to conform with the 2015 presentation.