



LONDON & COMPANY, LLC

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INDEPENDENT AUDITORS' REPORT

Board of Directors
True Colors Inc. Sexual Minority Youth and Family Services of Connecticut
30 Arbor Street
Hartford, Connecticut 06105

Report on the Financial Statements

We have audited the accompanying financial statements of True Colors Inc. Sexual Minority Youth and Family Services of Connecticut (a not-for-profit corporation) which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets, and cash flows for the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting 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 True Colors Inc. Sexual Minority Youth and Family Services of Connecticut as of December 31, 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.

Report on Summarized Comparative Information

We have previously audited True Colors Inc. Sexual Minority Youth and Family Services of Connecticut financial statements as of and for the year ended December 31, 2013, and our report dated June 15, 2014, we expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Respectfully submitted,

London & Company, LLC

London & Company, LLC
Certified Public Accountants
June 30, 2015

We present the following report as of December 31, 2014:

- Exhibit A - Comparative Statement of Financial Position as of December 31, 2014 and December 31, 2013.

- Exhibit B - Statement of Activities and Changes in Net Assets for the Year Ended December 31, 2014, with Comparative Totals for the Year Ended December 31, 2013.

- Exhibit C - Statement of Functional Expenses for the Year Ended December 31, 2014, with Comparative Totals for the Year Ended December 31, 2013.

- Exhibit D - Comparative Statement of Cash Flows for the Years Ended December 31, 2014 and December 31, 2013.

Notes to Financial Statements.

TRUE COLORS INC.
SEXUAL MINORITY YOUTH AND FAMILY SERVICES OF CONNECTICUT
HARTFORD, CONNECTICUT
COMPARATIVE STATEMENT OF FINANCIAL POSITION

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
<u>Current assets:</u>		
Cash and cash equivalents	\$ 186,911	\$ 161,306
Investments	53,189	53,458
Grants and fees receivable	21,885	20,814
Prepaid expenses	<u>10,569</u>	<u>6,453</u>
Total current assets	272,554	242,031
<u>Equipment and office furniture (net)</u>	<u>6,760</u>	<u>9,521</u>
<u>Other assets:</u>		
Security deposit	<u>3,500</u>	<u>3,500</u>
<u>TOTAL ASSETS</u>	\$ <u>282,814</u>	\$ <u>255,052</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities:</u>		
Accounts payable	\$ 2,731	\$ 5,984
Accrued wages	<u>27,237</u>	<u>26,252</u>
Total Liabilities	<u>29,968</u>	<u>32,236</u>
<u>Net assets:</u>		
Unrestricted	242,846	212,816
Temporarily restricted	-	-
Permanently restricted	<u>10,000</u>	<u>10,000</u>
Total net assets	<u>252,846</u>	<u>222,816</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ <u>282,814</u>	\$ <u>255,052</u>

See Accompanying Notes

TRUE COLORS, INC.
SEXUAL MINORITY YOUTH AND FAMILY SERVICES OF CONNECTICUT
HARTFORD, CONNECTICUT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>2014</u>	<u>Total</u> <u>2013</u>
<u>Revenue and other support:</u>				
Government grants	\$ 152,771	\$ -	\$ 152,771	\$ 153,461
Grants	87,118	-	87,118	105,572
Fund-raising events	22,645	-	22,645	27,313
Contributions	106,749	-	106,749	100,293
Training	24,729	-	24,729	14,864
Annual Conference	100,163	-	100,163	86,190
Sponsorship and exhibitor income	49,875	-	49,875	24,835
Investment income	116	-	116	129
Net assets released from satisfaction of program restrictions	-	-	-	-
<u>Total revenue and other support</u>	<u>544,166</u>	<u>-</u>	<u>544,166</u>	<u>512,657</u>
<u>Expenses:</u>				
Program Services				
Mentoring & Leadership	329,101	-	329,101	340,431
Conference	106,390	-	106,390	104,748
Supporting Services				
Management and General	64,696	-	64,696	62,849
Fundraising	13,677	-	13,677	19,690
<u>Total expenses</u>	<u>513,864</u>	<u>-</u>	<u>513,864</u>	<u>527,718</u>
Changes in net assets	30,302	-	30,302	(15,061)
<u>Other Changes in Unrestricted Net Assets:</u>				
Unrealized gain (loss) on investments	(272)	-	(272)	-
Total Change in Net Assets	30,030	-	30,030	(15,061)
<u>Net assets - beginning</u>	<u>222,816</u>	<u>-</u>	<u>222,816</u>	<u>237,877</u>
<u>Net assets - ending</u>	<u>\$ 252,846</u>	<u>\$ -</u>	<u>\$ 252,846</u>	<u>\$ 222,816</u>

See Accompanying Notes

TRUE COLORS, INC.
SEXUAL MINORITY YOUTH AND FAMILY SERVICES OF CONNECTICUT
HARTFORD, CONNECTICUT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	----- Program Services -----								
	Mentoring and			Management & General		Fundraising		Total Expenses	
	<u>Leadership</u>	<u>Conference</u>	<u>Total</u>	<u>& General</u>	<u>Fundraising</u>	<u>2014</u>	<u>2013</u>		
Salaries	\$ 162,789	\$ 14,712	\$ 177,501	\$ 35,790	2,154	\$ 215,445	\$ 209,775		
Payroll taxes	13,956	1,231	15,187	2,991	172	18,350	16,835		
Fringe benefits	22,523	2,493	25,016	4,986	312	30,314	34,413		
Total Salaries and Related Expenses	199,268	18,436	217,704	43,767	2,638	264,109	261,023		
Conference expenses	9	84,049	84,058	-	-	84,058	64,226		
Outside services	10,409	-	10,409	1,156	-	11,565	20,537		
Technology expenses	13,440	160	13,600	2,400	-	16,000	18,335		
Rent	38,732	-	38,732	5,288	-	44,020	46,461		
Program expenses	2,669	893	3,562	416	-	3,978	3,233		
Insurance	11,998	131	12,129	295	-	12,424	10,307		
Printing and resource guide	11,785	1,685	13,470	2,199	719	16,388	16,015		
Telephone	4,207	47	4,254	473	-	4,727	6,943		
Professional fees	3,672	-	3,672	408	-	4,080	4,050		
Office expenses and bank fees	2,174	730	2,904	4,669	316	7,889	7,695		
Postage	3,841	39	3,880	125	-	4,005	3,143		
Staff development and travel	5,511	-	5,511	751	-	6,262	10,438		
Scholarship and donation expense	675	-	675	175	-	850	2,655		
Travel	4,878	220	5,098	44	-	5,142	7,419		
Fundraising expenses	-	-	-	-	10,004	10,004	16,036		
Maintenance	2,106	-	2,106	234	-	2,340	1,962		
Monthly mentoring expenses	10,495	-	10,495	-	-	10,495	14,116		
Strategic planning \ board development expense	500	-	500	87	-	587	2,148		
Moving expense	-	-	-	-	-	-	7,583		
Depreciation	2,347	-	2,347	414	-	2,761	1,804		
Advertising	385	-	385	1,795	-	2,180	1,589		
Total Expenses	\$ 329,101	\$ 106,390	\$ 435,491	\$ 64,696	13,677	\$ 513,864	\$ 527,718		

See Accompanying Notes

TRUE COLORS, INC.
SEXUAL MINORITY YOUTH AND FAMILY SERVICES OF CONNECTICUT
HARTFORD, CONNECTICUT
COMPARATIVE STATEMENT OF CASH FLOWS
 Increase (Decrease) in Cash

	For the Years Ended <u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
<u>Cash flows from operating activities:</u>		
Changes in net assets	\$ <u>30,030</u>	\$ (<u>15,061</u>)
Adjustments to reconcile changes in net assets to net cash provided by program activities:		
Depreciation	2,761	1,804
Unrealized (gain) loss on investments	272	-
Changes in assets and liabilities:		
Changes in operating assets and liabilities:		
Receivables	(1,071)	(9,601)
Prepaid expenses and other assets	(4,116)	6,834
Security deposit	-	1,000
Accounts payable and accrued expenses	(3,253)	(7,837)
Accrued wages	<u>982</u>	<u>10,980</u>
Total adjustments	(<u>4,425</u>)	<u>3,180</u>
Net cash provided by (used in) operating activities	<u>25,605</u>	(<u>11,881</u>)
<u>Cash flows used in investing activities:</u>		
Capital expenditures	<u>-</u>	(<u>7,337</u>)
Net cash used in investing activities	<u>-</u>	(<u>7,337</u>)
<u>Net increase (decrease) in cash</u>	25,605	(19,218)
<u>Cash - Beginning of Year</u>	<u>161,306</u>	<u>180,524</u>
<u>Cash - End of Year</u>	\$ <u><u>186,911</u></u>	\$ <u><u>161,306</u></u>

See Accompanying Notes

TRUE COLORS, INC.
SEXUAL MINORITY YOUTH AND FAMILY SERVICES OF CONNECTICUT
HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Note 1 - Organization:

The True Colors Inc. Sexual Minority Youth and Family Services of Connecticut (the "Organization") was incorporated in the State of Connecticut as a nonprofit organization. The Organization is dedicated to improving the lives of lesbian, bisexual, gay, and transgender (LGBT) youth, adults and families. The organization provides support, education, and advocacy that promotes the development of LGBT people into full and productive members of society. The Organization works to create positive change within the many areas of society, such as mental health, health care, and education systems, family, spiritual, and religious organizations, and social and community service in both public and private sectors.

Note 2 - Accounting policies:

A. Tax status:

The Organization is a not-for-profit voluntary health and welfare agency exempt from federal income taxation under Section 501(c)(3) of the U.S. Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code. There was no unrelated business income for the years ended December 31, 2014 and December 31, 2013. The information returns of the Organization are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

B. Basis of presentation:

The accompanying financial statements have been prepared utilizing the accrual basis method of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets:

Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets:

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets:

Net assets subject to explicit donor-imposed stipulations that may be maintained permanently by the Organization and stipulate the use of income and/or appreciation as either unrestricted or temporarily restricted.

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Note 2 - Accounting policies (continued):

C. Receivables:

The Organization regularly monitors receivable balances to determine if an allowance for doubtful accounts is deemed necessary. No allowance is required as of December 31, 2014 and 2013, as management believes all amounts are collectible

D. Cash and cash equivalents:

Cash and cash equivalents include all cash balances and highly liquid short-term instruments with an original maturity of three months or less when acquired.

E. Comparative information:

The financial statements include certain prior-year summarized comparative information in total, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statement for the year ended December 31, 2013, from which the summarized information was derived.

F. Depreciation:

Equipment and office furniture acquired by the Organization has been capitalized at cost and is being depreciated over three to six years, utilizing the straight-line method. This includes equipment and office furniture acquired with restricted grant revenues for respective program purposes. For the years ended December 31, 2014 and 2013, depreciation was recorded in the amount of \$2,761 and \$1,804, respectively.

The total cost and related accumulated depreciation for the years ended December 31, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Cost of equipment and office furniture	\$ 29,460	\$ 29,460
Less: Accumulated depreciation	<u>22,700</u>	<u>19,939</u>
Equipment and office furniture (net)	\$ <u>6,760</u>	\$ <u>9,521</u>

Expenditures for additions and improvements are capitalized, and costs for repairs and maintenance are charged to expense as incurred. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$500.

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HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Note 2 - Accounting Policies (Continued):

G. Donated materials and services:

The Organization receives, at times, donated materials and volunteer assistance from various sources. The donated materials are reflected as contributions in the accompanying statements at their estimated values at the date of their receipt. For the years ended December 31, 2014 and December 31, 2013, the Organization received approximately 6,460 and 12,041 hours of volunteer assistance from 282 and 367 volunteers, respectively. No amounts for volunteer assistance have been recognized in the statement of activities because the criteria for recognition have not been satisfied.

H. Recognition of restricted grant revenues:

Revenues restricted by the donor, grantor, or any other outside party for particular operating purposes are deemed to be earned and reported as revenues currently.

I. Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 - Supplemental cash flow information:

There was no income tax expense or interest expense for either of the years ended December 31, 2014 and 2013.

Note 4 - Subsequent events:

Management has evaluated subsequent events through June 30, 2015, the date the financial statements were available to be issued.

Note 5 - Lease commitments:

In November 2013, the Organization entered into an operating lease for approximately 3,500 square feet of office space located at 30 Arbor Street in Hartford, Connecticut for the period January 1, 2014 to December 31, 2017. The Organization has an option to extend the lease for an additional five year period with a mutually agreed upon increase in rental.

The total rental expense was \$44,020 and \$44,004 for the years ended December 31, 2014 and 2013, respectively.

TRUE COLORS, INC.
SEXUAL MINORITY YOUTH AND FAMILY SERVICES OF CONNECTICUT
HARTFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Note 5 - Lease commitments (continued):

Future minimum lease payments over the term of the lease are as follows:

December 31, 2015	\$ 44,558
December 31, 2016	45,894
December 31, 2017	<u>47,271</u>
Total	\$ <u>137,723</u>

In October 2013, the Organization entered into a 48 month operating lease for a copier. The monthly payment is \$137.26.

Future minimum lease payments over the term of the lease are as follows:

December 31, 2015	\$1,647
December 31, 2016	1,647
December 31, 2017	<u>1,510</u>
Total	\$ <u>4,804</u>

Note 6 - Permanently restricted net assets:

The Organization received donor restricted donations of \$10,000 in 2006 for the establishment of an endowment with only the interest to be used for funding youth scholarships.

Note 7 - Concentration of revenue:

For the year ended December 31, 2014 and 2013, approximately 28% and 31%, respectively of the Organization's funding came from Government grants.

Note 8 - Investments:

The Organization's investments are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes amounts, which are insured or collateralized with securities held by the Organization or its agent in the Organization name. Category 2 includes amounts, which are uninsured and uncollateralized with securities held by the pledging financial institution's trust department or agent in the Organization's name. Category 3 includes amounts which are uninsured and uncollateralized, including any bank balance and investment that is collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the Organization's name. For the year ended December 31, 2014, the Organization invested only in stock mutual funds.

Investments are adjusted to fair market value, and all investment activities are conducted by a broker for the Organization in the Organization's name.

Investments as of December 31, 2014 in all funds are as follows:

<u>Description</u>	<u>Fair Value</u>	
Mutual Funds	\$ <u>53,189</u>	Category 1