



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, 2013, 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, 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.

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, 2012, and our report dated May 24, 2013, 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, 2012 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 15, 2014

We present the following report as of December 31, 2013:

Exhibit A - Comparative Statement of Financial Position as of December 31, 2013 and December 31, 2012.

Exhibit B - Statement of Activities and Changes in Net Assets for the Year Ended December 31, 2013, with Comparative Totals for the Year Ended December 31, 2012.

Exhibit C - Comparative Statement of Cash Flows for the Years Ended December 31, 2013 and December 31, 2012.

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>2013</u>	<u>2012</u>
<u>ASSETS</u>		
<u>Current assets:</u>		
Cash and cash equivalents	\$ 214,764	\$ 233,982
Grants receivable	20,814	11,213
Prepaid expenses	6,453	13,287
Total current assets	<u>242,031</u>	<u>258,482</u>
<u>Equipment and office furniture (net)</u>	<u>9,521</u>	<u>3,988</u>
<u>Other assets:</u>		
Security deposit	<u>3,500</u>	<u>4,500</u>
<u>TOTAL ASSETS</u>	<u>\$ 255,052</u>	<u>\$ 266,970</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities:</u>		
Accounts payable	\$ 2,006	\$ 13,821
Accrued wages	26,252	15,272
Total Liabilities	<u>28,258</u>	<u>29,093</u>
<u>Net assets:</u>		
Unrestricted	216,794	227,877
Temporarily restricted	-	-
Permanently restricted	10,000	10,000
Total net assets	<u>226,794</u>	<u>237,877</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 255,052</u>	<u>\$ 266,970</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, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2013</u>	<u>Total 2012</u>
<u>Revenue and other support:</u>				
Government grants	\$ 153,461	\$ -	\$ 153,461	\$ 157,397
Grants	105,572	-	105,572	125,337
Fund-raising events, net of expenses of \$12,058 and \$12,932, respectively	-	-	15,255	5,011
Contributions	100,293	-	100,293	57,147
Training	14,864	-	14,864	5,586
Annual Conference	86,190	-	86,190	83,633
Sponsorship and exhibitor income	24,835	-	24,835	30,761
Interest income	129	-	129	142
Net assets released from satisfaction of program restrictions	-	-	-	-
<u>Total revenue and other support</u>	<u>500,599</u>	<u>-</u>	<u>500,599</u>	<u>465,014</u>
<u>Expenses:</u>				
Salaries	209,775	-	209,775	200,464
Fringe Benefits and Payroll Taxes	51,248	-	51,248	49,056
Conference expenses	64,226	-	64,226	70,746
Outside services	20,537	-	20,537	12,120
Technology expenses	18,335	-	18,335	10,946
Rent	46,461	-	46,461	44,004
Program expenses	3,233	-	3,233	11,986
Insurance	10,307	-	10,307	11,758
Printing and resource guide	16,015	-	16,015	10,364
Telephone	6,943	-	6,943	5,948
Professional fees	4,050	-	4,050	9,483
Office expenses and bank fees	7,695	-	7,695	11,497
Postage	3,143	-	3,143	2,715
Staff development	10,438	-	10,438	7,988
Scholarship expense	2,655	-	2,655	-
Travel	7,419	-	7,419	-
Maintenance and storage	1,962	-	1,962	2,170
Monthly mentoring expenses	14,116	-	14,116	11,446
Strategic planning \ board development expense	2,148	-	2,148	1,262
Moving expense	7,583	-	7,583	4,034
Depreciation	1,804	-	1,804	2,573
Advertising	1,589	-	1,589	1,997
<u>Total expenses</u>	<u>511,682</u>	<u>-</u>	<u>511,682</u>	<u>482,557</u>
Changes in net assets	(11,083)	-	(11,083)	(17,543)
<u>Net assets - beginning</u>	<u>237,877</u>	<u>-</u>	<u>237,877</u>	<u>255,420</u>
<u>Net assets - ending</u>	<u>\$ 226,794</u>	<u>\$ -</u>	<u>\$ 226,794</u>	<u>\$ 237,877</u>

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 December 31,	
	<u>2013</u>	<u>2012</u>
<u>Cash flows from operating activities:</u>		
Changes in net assets	\$ (11,083)	\$ (17,543)
Adjustments to reconcile changes in net assets to net cash provided by program activities:		
Depreciation	1,804	2,573
Changes in assets and liabilities:		
Changes in operating assets and liabilities:		
Receivables	(9,601)	(57)
Prepaid expenses and other assets	6,834	(7,018)
Security deposit	1,000	(2,000)
Accounts payable and accrued expenses	(11,815)	(2,625)
Accrued wages	10,980	4,039
Total adjustments	<u>(798)</u>	<u>(5,088)</u>
Net cash provided by (used in) operating activities	<u>(11,881)</u>	<u>(22,631)</u>
<u>Cash flows used in investing activities:</u>		
Capital expenditures	(7,337)	-
Net cash used in investing activities	<u>(7,337)</u>	<u>-</u>
<u>Net increase (decrease) in cash</u>	(19,218)	(22,631)
<u>Cash - Beginning of Year</u>	<u>233,982</u>	<u>256,613</u>
<u>Cash - End of Year</u>	\$ <u>214,764</u>	\$ <u>233,982</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, 2013 and December 31, 2012. 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.

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

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, 2013 and 2012, 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, 2012, 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, 2013 and 2012, depreciation was recorded in the amount of \$1,804 and \$2,573, respectively.

The total cost and related accumulated depreciation for the years ended December 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Cost of equipment and office furniture	\$ 29,460	\$ 22,123
Less: Accumulated depreciation	<u>19,939</u>	<u>18,135</u>
Equipment and office furniture (net)	\$ <u>9,521</u>	\$ <u>3,988</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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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, 2013 and December 31, 2012, the Organization received approximately 12,041 and 13,328 hours of volunteer assistance from 367 and 376 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, 2013 and 2012.

Note 4 - Subsequent events:

Management has evaluated subsequent events through June 15, 2013, the date the financial statements were available to be issued.

Note 5 - Lease commitments:

In June 2009, the Organization entered into an operating lease for office space in Hartford, Connecticut for the period January 1, 2010 to December 31, 2012. In November 2012, 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, 2013 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 \$44,004 and \$43,930 for the years ended December 31, 2013 and 2012, respectively.

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NOTES TO FINANCIAL STATEMENTS

Note 5 - Lease commitments (continued):

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

December 31, 2014	\$ 43,260
December 31, 2015	44,558
December 31, 2016	45,894
December 31, 2017	<u>47,271</u>
Total	\$ <u>188,983</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, 2013 and 2012, approximately 31% and 34%, respectively of the Organization's funding came from Government grants.