
SECOND START

AUDITED FINANCIAL STATEMENTS

***FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018***

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Second Start
Concord, New Hampshire

We have audited the accompanying financial statements of Second Start (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows 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 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 Second Start as of June 30, 2019 and 2018, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of support and revenues, expenses and changes in net assets on pages 17 and 18 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,

Mason + Rich, P.A.

MASON + RICH PROFESSIONAL ASSOCIATION
Certified Public Accountants

September 16, 2019

SECOND START
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS		
	2019	2018
<i>CURRENT ASSETS</i>		
Cash and Cash Equivalents	\$ 419,052	\$ 237,398
Accounts Receivable	49,637	54,800
Grants Receivable	113,563	198,950
Unconditional Promises to Give	20,000	23,000
Prepaid Expenses	12,286	43,563
<i>Total Current Assets</i>	614,538	557,711
<i>PROPERTY AND EQUIPMENT</i>		
Property and Equipment	3,291,348	3,236,950
Less Accumulated Depreciation	(1,676,433)	(1,601,727)
<i>Net Property and Equipment</i>	1,614,915	1,635,223
<i>TOTAL ASSETS</i>	\$ 2,229,453	\$ 2,192,934
LIABILITIES AND NET ASSETS		
<i>CURRENT LIABILITIES</i>		
Accounts Payable	\$ 58,236	\$ 24,362
Accrued Expenses	188,814	171,164
Deferred Revenue	33,545	8,310
<i>TOTAL LIABILITIES</i>	280,595	203,836
<i>NET ASSETS</i>		
Net Assets Without Donor Restrictions	1,907,814	1,937,598
Net Assets With Donor Restrictions	41,044	51,500
<i>TOTAL NET ASSETS</i>	1,948,858	1,989,098
<i>TOTAL LIABILITIES AND NET ASSETS</i>	\$ 2,229,453	\$ 2,192,934

The Accompanying Notes are an Integral Part of These Financial Statements

SECOND START
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Grants from Governmental Agencies	\$ 1,146,636	\$ 1,076,256
Private Fees	922,240	915,953
Fees from Governmental Agencies	919,901	861,902
Miscellaneous Income	44,868	25,021
Contributions	16,912	8,376
United Way	12,034	12,159
Interest Income	122	39
Total Support and Revenue	<u>3,062,713</u>	<u>2,899,706</u>
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of Program Restrictions	29,956	20,000
Expiration of Time Restrictions	23,000	30,000
Total Net Assets Released From Restrictions	<u>52,956</u>	<u>50,000</u>
TOTAL SUPPORT, REVENUE, AND OTHER NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>3,115,669</u>	<u>2,949,706</u>
FUNCTIONAL EXPENSES AND LOSSES		
Functional Expenses		
Program Services	2,745,743	2,666,379
Management and General	397,596	372,812
Total Functional Expenses	<u>3,143,339</u>	<u>3,039,191</u>
Other Expenses		
Loss on Disposal of Property and Equipment	2,114	-
TOTAL FUNCTIONAL EXPENSES AND LOSSES	<u>3,145,453</u>	<u>3,039,191</u>
DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(29,784)	(89,485)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Donor Restricted Support and Revenue	42,500	51,500
Net Assets Released from Restrictions	(52,956)	(50,000)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(10,456)</u>	<u>1,500</u>
DECREASE IN TOTAL NET ASSETS	(40,240)	(87,985)
NET ASSETS, BEGINNING OF YEAR	<u>1,989,098</u>	<u>2,077,083</u>
NET ASSETS, END OF YEAR	<u>\$ 1,948,858</u>	<u>\$ 1,989,098</u>

The Accompanying Notes are an Integral Part of These Financial Statements

SECOND START
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<i>Program Services</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>Total</i>
Advertising Expense	\$ 4,774	\$ 330	\$ -	\$ 5,104
Conference and Meeting Expenses	30,171	-	-	30,171
Depreciation Expense	85,262	38,202	-	123,464
Dues and Subscriptions	8,192	6,160	-	14,352
Employee Benefits	206,931	25,723	-	232,654
Information Technology	14,508	6,487	-	20,995
Instructional Materials	6,741	-	-	6,741
Insurance Expense	36,463	3,143	-	39,606
Miscellaneous Expense	9,624	184	-	9,808
Occupancy Expense	82,803	27,131	-	109,934
Office Expense	8,558	4,182	-	12,740
Payroll Taxes	137,913	18,296	-	156,209
Professional Fees	128,789	15,385	-	144,174
Salaries and Wages	1,829,843	249,569	-	2,079,412
Staff Development	8,112	-	-	8,112
Stipends and Discounts	8,767	-	-	8,767
Supplies Expense	108,531	2,602	-	111,133
Travel Expense	29,761	202	-	29,963
<i>Total Functional Expenses</i>	<u>\$ 2,745,743</u>	<u>\$ 397,596</u>	<u>\$ -</u>	<u>\$ 3,143,339</u>

The Accompanying Notes are an Integral Part of These Financial Statements

SECOND START
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	<i>Program Services</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>Total</i>
Advertising Expense	\$ 8,203	\$ 25	\$ -	\$ 8,228
Conference and Meeting Expenses	22,030	-	-	22,030
Depreciation Expense	82,852	38,090	-	120,942
Dues and Subscriptions	12,484	5,162	-	17,646
Employee Benefits	195,781	23,289	-	219,070
Information Technology	15,636	7,632	-	23,268
Instructional Materials	16,021	-	-	16,021
Insurance Expense	33,607	2,913	-	36,520
Interest Expense	-	459	-	459
Legal Fees	-	5,000	-	5,000
Miscellaneous Expense	11,680	2,107	-	13,787
Occupancy Expense	90,010	29,789	-	119,799
Office Expense	8,448	3,167	-	11,615
Payroll Taxes	128,426	15,105	-	143,531
Professional Fees	152,928	14,958	-	167,886
Salaries and Wages	1,748,481	221,633	-	1,970,114
Staff Development	5,297	172	-	5,469
Stipends and Discounts	12,877	-	-	12,877
Supplies Expense	92,963	3,268	-	96,231
Travel Expense	28,655	43	-	28,698
<i>Total Functional Expenses</i>	<u>\$ 2,666,379</u>	<u>\$ 372,812</u>	<u>\$ -</u>	<u>\$3,039,191</u>

The Accompanying Notes are an Integral Part of These Financial Statements

SECOND START
STATEMENTS OF CASH FLOWS
FOR YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in Net Assets	\$ (40,240)	\$ (87,985)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	123,464	120,942
Loss on Disposal of Property	2,114	-
(Increase) Decrease in Operating Assets:		
Accounts Receivable	5,162	19,809
Grants Receivable	85,388	(76,347)
Unconditional Promises to Give	3,000	7,000
Prepaid Expenses	31,277	(15,587)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	33,874	(29,147)
Accrued Expenses	17,650	17,208
Deferred Revenue	25,235	(6,045)
Total Adjustments	327,164	37,833
<i>Net Cash Provided by (Used in) Operating Activities</i>	286,924	(50,152)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(105,270)	(31,101)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Long-Term Debt	-	(42,339)
NET INCREASE (DECREASE) IN CASH	181,654	(123,592)
<i>Cash and Cash Equivalents, Beginning of Year</i>	237,398	360,990
<i>Cash and Cash Equivalents, End of Year</i>	\$ 419,052	\$ 237,398
Supplemental Disclosure of Cash Flow Information		
Cash Paid During the Year For:		
Interest	\$ -	\$ 459

The Accompanying Notes are an Integral Part of These Financial Statements

SECOND START
NOTES TO THE FINANCIAL STATEMENTS

A | NATURE OF ACTIVITIES

Second Start (the "Organization") is a private nonprofit education corporation which has been in existence since 1970. Second Start is committed to improving the economic and educational wellbeing of New Hampshire residents. Its goal is to help people become more productive workers, family members, and community citizens. Within these opportunities, the Organization offers a variety of programs, each serving participants in ways that meet their needs.

The programs available at Second Start are as follows:

Special Education – The Special Education Program was established in 1979 and accounts for the proceeds of an education program that serves coded special needs students ages 14-21 from local school districts in the greater Concord area.

Transitional Employment Training Program (TET) – The TET Program was established in 1984 and accounts for proceeds and expenses used to provide a vocationally oriented program designed to develop personal and social responsibility, workforce readiness, and provide experiential training and coursework for adolescents.

Alternative High School – The Alternative High School Program was established in 1976 and accounts for the proceeds and expenses of an alternative academic program for adolescents previously unsuccessful in public high school programs. Students are not coded for special education services.

Student Assistance Program (SAP) – The Student Assistance Program is a drug education, prevention, and early identification program designed for public school students. The Student Assistance Program was started in 1984 and accounts for the proceeds and expenses associated with the student assistance services for the local school districts as well as programs for the Second Start Alternative High School and special education students.

Adult Basic Education (ABE) – The Adult Basic Education Program was established in 1971 and accounts for the proceeds and expenses for providing remedial academic programs for adults from the most basic levels through preparation for the High School Equivalency Exam (HiSET) as well as English as a second language classes. The program also includes academic and vocational counseling for students. The program includes fees and expenses for providing HiSET Testing services and administering staff development for ABE/ESL teachers statewide.

Adult Learner Services (ALS) – The Adult Learner Services Program, formerly the Adult Tutorial Program, was established in 1983 and accounts for proceeds and expenses used to help adults increase their reading and math skills through the aid of volunteer tutors. This program also includes services to foreign-speaking and refugee students to increase their English skills.

Day Care Program – The Day Care Program was established in 1973 and accounts for proceeds and expenses used to care for children (ages 6 weeks to 12 years) of the general community while their parents are in classes, training programs, or working during the day. This program also includes services to protective custody referrals from the New Hampshire Department of Health and Human Services.

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SECOND START
NOTES TO THE FINANCIAL STATEMENTS

Welcoming Concord – The Welcoming Concord program was established in 2015 and accounts for proceeds and expenses used to increase social inclusion and integration of immigrants and refugees in targeted New Hampshire communities.

B | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding these financial statements. The financial statements and notes are the representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies confirm to generally accepted accounting principles (GAAP) in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The Organization uses the accrual basis of accounting in its financial statements. Under this basis, revenue is recognized when earned rather than when payment is received, and expenses and purchases of assets are recognized when the obligation is incurred rather than when the cash is disbursed.

Use of Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results experienced by the Organization may differ from management's estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash includes cash on hand, funds on deposit with financial institutions, and investments with original maturities of three months or less.

Accounts Receivable

Accounts receivable consists of private fees due from the daycare program and revenue from school districts for various programs. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management considers accounts to be delinquent based on the date of unpaid invoices. Past due receivables are written off at management's discretion using the direct write off method; this is not considered a departure from accounting principles generally accepted in the United States because of the effects of the direct write off method approximate those of the allowance method. All accounts are considered to be collectible. The Organization does not accrue interest on past due accounts receivable.

Grants Receivable

Grants receivable are amounts due for reimbursement from various grant agencies. No allowance is recorded because all amounts are expected to be fully reimbursed by the federal and state governments. Interest is not allowed and is not accrued on any past due grants receivable balances.

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SECOND START
NOTES TO THE FINANCIAL STATEMENTS

Unconditional Pledges Receivable

Unconditional promises to give are stated at the amount management expects to collect from outstanding balances. Management evaluates the collectability of customer accounts by considering factors such as historical experience, the age of the promise to give, and current economic conditions that may affect a customer's ability to pay. Past due promises to give are written off at management's discretion using the direct write off method; this is not considered a departure from accounting principles generally accepted in the United States because the effects of the direct write off method approximate those of the allowance method. The Organization does not charge interest on past due promises to give.

Property and Equipment

The Organization's property and equipment policy is to capitalize individual purchases, renewals and betterments in excess of \$1,000. Maintenance, repairs and minor renewals are charged to expense as incurred. Periodically, management evaluates property and equipment for impairment when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of income. These items are depreciated using the straight-line method over their estimated useful lives as follows:

Furniture and Equipment	5 years
Leasehold Improvements	5 - 30 years
Building	40 years

Net Assets

The Organization reports its net assets as required by Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under ASU 2016-14, the Organization is required to report information regarding its financial position and activities accounting to the following classes: net assets without donor restrictions and net assets with donor restrictions. Descriptions of the net asset categories included in the Organization's financial statements are as follows:

Net assets without donor restrictions include revenues and expenses and contributions which are not subject to any donor imposed restrictions. Unrestricted net assets can be designated by the Board of Directors for special projects and expenditures.

Net assets with donor restrictions include contributions for which time restrictions or donor-imposed restrictions have not yet been met. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Net assets with donor restrictions also include gifts which require, by donor restriction, that the corpus be invested in perpetuity and only the income or portion thereof (excluding gains restricted by state statute) be made available for program operations in accordance with donor restrictions.

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SECOND START
NOTES TO THE FINANCIAL STATEMENTS

Contributions and Promises to Give

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases with net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Functional Allocation of Expenses

The costs of providing the Organization's program and other activities have been summarized on the functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related expenses are allocated to the various program and supporting services based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated whenever practical, and depreciation is allocated based on space utilization. General administrative expenses are allocated to each program based on the direct expenses incurred for each program or estimated usage based on time spent on each function of the staff.

Donated Materials and Services

Contributed goods and services are reported at their fair value if such goods or services create or enhance non-financial assets, or would have been purchased if not provided by contribution, and for services which are provided by individuals possessing specialized skills. A number of volunteers have made contributions of their time and talent, or contributed goods to develop the Organization's programs. However, these services do not meet the criteria for recognition as contributed services and, therefore, are not reflected in the financial statements.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulation, contributions of property and equipment are recorded as unrestricted support. The Organization received no contributed property for the years ended June 30, 2019 and 2018.

Advertising

The Organization conducts non-direct response advertising. These costs are expensed as incurred. Advertising costs was \$5,104 and \$8,228 for the year ended June 30, 2019 and 2018, respectively.

Income Taxes

Management evaluates its tax position in accordance with FASB Accounting Standards Codification (ASC) 740-10, *Accounting for Uncertain Tax Positions*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as de-recognition, interest, penalties, and disclosures required. The Organization's policy is to recognize interest and penalties related to unrecognized tax benefits as tax expense.

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SECOND START
NOTES TO THE FINANCIAL STATEMENTS

C | CHANGE IN ACCOUNTING PRINCIPLE

On August 18, 2016 FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Organization's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed *net assets without donor restrictions*.
- The financial statements include a new disclosure about liquidity and availability of financial assets (Note K).

The changes have the following effect on net assets at June 30, 2018:

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted Net Assets	\$ 1,937,598	\$ -
Temporarily Restricted Net Assets	51,500	-
Net Assets Without Donor Restrictions	-	1,937,598
Net Assets With Donor Restrictions	-	51,500
Total Net Assets	<u>\$ 1,989,098</u>	<u>\$ 1,989,098</u>

D | PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2019	2018
Building and Improvements	\$ 1,663,349	\$ 1,623,459
Leasehold Improvements	964,675	948,353
Land	210,000	210,000
Furniture and Equipment	453,324	455,138
Total Property and Equipment	3,291,348	3,236,950
Less Accumulated Depreciation	<u>(1,676,433)</u>	<u>(1,601,727)</u>
Net Property and Equipment	<u>\$ 1,614,915</u>	<u>\$ 1,635,223</u>

Depreciation expense was \$123,464 and \$120,942 for the years ended June 30, 2019 and 2018, respectively.

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SECOND START
NOTES TO THE FINANCIAL STATEMENTS

E | LINE OF CREDIT

The Organization maintains a revolving line of credit agreement with a local bank, which provides that it may borrow up to \$600,000 at June 30, 2019 and 2018. The interest rate formula is based at 0.50% over the Wall Street Journal prime rate, which was 6.00% and 5.00% at June 30, 2019 and 2018, respectively. The agreement is collateralized by all business assets of the Organization. The Organization had no outstanding balance as of June 30, 2019 and 2018.

F | CORPORATE ORGANIZATION

The Corporation is a voluntary organization under Chapter 292 of the New Hampshire Revised Statutes Annotated and therefore has no capital stock.

G | NET ASSETS

The total net assets with donor restrictions for the year ended June 30, 2019 consisted of United Way funding for 2020 in the amount of \$20,000 and other private grants of \$21,044. Additionally, there were \$61,010 of Board Designated Funds set aside for capital and other repairs and maintenance projects at June 30, 2019.

The total net assets with donor restrictions for the year ended June 30, 2018 consisted of United Way funding for 2019 in the amount of \$23,000 and other private grants of \$28,500. Additionally, there were \$85,888 of Board Designated Funds set aside for capital and other repairs and maintenance projects at June 30, 2018.

H | LEASE AGREEMENTS

The Organization has entered into a long-term lease agreement for property located at 450 North State Street whereby the Organization has use of the building in return for its upkeep and maintenance. The improvements were capitalized with a five to thirty-year depreciable life. Depreciation expense was \$9,823 and \$9,165 for the years ended June 30, 2019 and 2018, respectively.

I | INCOME TAXES

The Organization is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions.

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NOTES TO THE FINANCIAL STATEMENTS

For the years ended June 30, 2019 and 2018, management has evaluated its tax position in accordance with FASB ASC 740-10 and does not believe they have taken uncertain tax positions, therefore, a liability for income taxes associated with uncertain tax positions has not been recognized. Additionally, the Organization did not recognize interest or penalties resulting from tax liabilities associated with recognizing uncertain tax positions for the years ended June 30, 2019 and 2018.

The Organization is a non-profit organization, as a result it files a federal Form 990, *Return of Organization Exempt from Income Tax*, and a New Hampshire Annual Report. In the normal course of business, the Organization is subject to examination by taxing authorities. With limited exceptions, the Organization is no longer subject to federal or State of New Hampshire examinations for their federal Form 990 or New Hampshire Annual Report for the years before 2015.

J | RETIREMENT PLAN

The Organization maintains a retirement plan under the Internal Revenue Code Section 403(b) for its employees through a third party. Eligible participants over twenty-one years of age and working more than 1,000 hours per year may elect to make a voluntary pre-tax salary deferral each year, not to exceed the maximum allowed by law. The Organization may contribute to the employee's retirement fund at the Board's discretion. There were no contributions paid by the Organization for the years ended June 30, 2019 and 2018.

K | LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year from the statement of financial position date for general operating expenses are as follows:

Cash and Cash Equivalents	\$ 419,052
Accounts Receivable	49,637
Grants Receivable	113,563
Unconditional Promises to Give	20,000
Prepaid Expenses	<u>12,286</u>
Financial assets, at year end	614,538
Less those unavailable for general expenditures within one year due to:	
Donor-imposed restrictions	(41,044)
Board designated funds	<u>(61,010)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 512,484</u>

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SECOND START
NOTES TO THE FINANCIAL STATEMENTS

The Organization has financial assets on hand equal to approximately 2 months of operating expenses, which totaled approximately \$3,145,450 for the year ended June 30, 2019. At times, the Board of Directors may designate a portion of any operating surplus to its liquidity reserve for future expenditures. At June 30, 2019, there was \$61,010 of Board Designated Funds set aside for capital and other repairs and maintenance projects. A significant portion of the Organization's funding is derived from cost reimbursement grants from federal and state agencies, therefore, the Organization believes its liquid financial assets are sufficient to fund unanticipated liquidity needs that may arise. Additionally, the Organization has a line of credit which allows for borrowings up to \$600,000.

L | COMMITMENTS AND CONTINGENCIES

Energy Efficiency Initiative

In fiscal year 2010, the Organization began an initiative to improve the energy efficiency of both 450 North State Street and the 17 Knight Street building in Concord, New Hampshire. The initiative includes energy improvements, including insulation, new windows, new daycare ceilings, ventilation and lighting, boiler replacement, conversion to electronic thermostats, and appliance replacement at an estimated total cost of \$681,265.

Financial support for the energy efficiency initiative included a Community Development Finance Authority (CDFA) grant of \$343,000. Additional funding was obtained from a Community Development Block Grant (CDBG) in the amount of \$313,265 through the City of Concord, New Hampshire and \$15,000 in cash donations. These grants were completed in 2011. Both grants are restricted to the Organization's energy efficiency initiative. Additionally, in the event the Organization ceases to use the buildings in providing services to low to moderate income populations, both grants will require repayment of a portion of the proceeds. This contingency continues through 2020 and 2030 for the CDFAs and CDBG grants, respectively.

Grant Compliance

The Organization received funds under various grants. Under the terms of the grants the Organization is required to use the funds within a certain period and for purposes specified by governing laws and regulations. If expenditures were found not to have been made in compliance with laws and regulations, the Organization might be required to repay the funds.

Contingencies

In fiscal year 2016, the County of Merrimack awarded the Organization a CDBG grant in the amount of \$300,000 to be used for building improvements at the Garrison facility. The improvements include roof replacement, exterior façade mortar repairs, exterior painting, solar panels, and additional insulation at its 17 Knight Street, Concord, New Hampshire facility. The grant requires that at least 77% of the persons served by the project be low and moderate income. In the event of default, the grant may require repayment of the funds already distributed. This contingency continues through the year 2036.

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SECOND START
NOTES TO THE FINANCIAL STATEMENTS

M | CONCENTRATIONS OF RISK

The Organization maintains cash balances at a local financial institution that, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) secured limit of \$250,000. At June 30, 2019 and 2018, the Organization had uninsured balances of \$191,607 and \$40,481, respectively.

N | RECLASSIFICATIONS

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 presentation. These reclassifications had no effect on the reported results of previously reported net assets.

O | SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 16, 2019, the date which the financial statements were available to be issued, and has not evaluated subsequent events after that date. The Organization did not identify any subsequent events that would require disclosure in the financial statements.

SECOND START
SCHEDULE OF SUPPORT AND REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

	General & Building	Special Education	T.E.T Program	Alternative High School	Student Assistance	Adult Basic Education	Adult Learner	Welcoming Concord	Daycare	Total
SUPPORT AND REVENUES										
Grants from Governmental Agencies	\$ -	\$ -	\$ -	\$ -	\$ 198,240	\$ 617,721	\$ 112,314	\$ -	\$ 218,361	\$1,146,636
Private Fees	-	-	-	-	-	-	-	-	922,240	922,240
Fees from Governmental Agencies	-	165,322	237,673	289,875	181,957	45,074	-	-	-	919,901
Miscellaneous Income	22,272	-	-	67	-	10,061	-	10,290	2,178	44,868
United Way	-	-	-	-	22,743	9,291	-	-	-	32,034
Grants-Private	-	-	-	-	12,500	-	-	10,000	-	22,500
Contributions	9,806	-	688	688	5,232	318	50	-	130	16,912
Interest Income	122	-	-	-	-	-	-	-	-	122
Total Support and Revenues	32,200	165,322	238,361	290,630	420,672	682,465	112,364	20,290	1,142,909	3,105,213
EXPENSES										
Program Services										
Instruction and Student Activities	7,910	249,045	105,802	122,220	382,497	355,956	82,620	17,942	850,890	2,174,882
Staff Development and Professional Fees	-	4,340	1,307	3,601	2,934	151,496	468	-	17,428	181,574
Other Program Costs	7,155	19,069	12,787	12,541	9,926	51,073	11,769	3,480	97,429	225,229
Occupancy	-	8,075	4,037	8,075	-	20,859	3,022	-	34,727	78,795
Direct Depreciation	-	7,786	2,596	7,316	298	21,036	4,403	867	40,961	85,263
Total Program Services	15,065	288,315	126,529	153,753	395,655	600,420	102,282	22,289	1,041,435	2,745,743
Support Services										
General Administrative	-	44,716	20,444	24,540	56,752	86,273	13,696	3,334	147,841	397,596
Loss on Disposal of Equipment	2,114	-	-	-	-	-	-	-	-	2,114
Total Support Services	2,114	44,716	20,444	24,540	56,752	86,273	13,696	3,334	147,841	399,710
Total Expenses	17,179	333,031	146,973	178,293	452,407	686,693	115,978	25,623	1,189,276	3,145,453
Excess (Deficiency) of Support and Revenues Over Expenses	15,021	(167,709)	91,388	112,337	(31,735)	(4,228)	(3,614)	(5,333)	(46,367)	(40,240)
Net Assets, Beginning of Year	1,280,506	(695,018)	99,237	686,038	(35,848)	65,579	(71,348)	30,290	629,662	1,989,098
Net Assets, End of Year	\$1,295,527	\$(862,727)	\$ 190,625	\$ 798,375	\$(67,583)	\$ 61,351	\$(74,962)	\$ 24,957	\$ 583,295	\$1,948,858

See Independent Auditor's Report

SECOND START
 SCHEDULE OF SUPPORT AND REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2018

	General & Building	Special Education	T.E.T. Program	Alternative High School	Student Assistance	Adult Basic Education	Adult Learner	Welcoming Concord	Daycare	Total
SUPPORT AND REVENUES										
Grants from Governmental Agencies	\$ -	\$ -	\$ -	\$ -	\$ 226,272	\$ 522,640	\$ 106,637	\$ -	\$ 220,707	\$1,076,256
Private Fees	-	-	-	-	-	-	-	-	915,953	915,953
Fees from Governmental Agencies	-	239,402	164,530	246,019	160,626	51,325	-	-	-	861,902
United Way	-	-	-	4,984	10,802	15,871	2,736	-	766	35,159
Miscellaneous Income	4,310	-	-	5,688	400	9,939	-	-	4,684	25,021
Grants-Private	-	-	-	-	-	-	-	20,000	-	20,000
Contributions	7,376	-	-	-	-	1,000	-	8,500	-	16,876
Interest Income	39	-	-	-	-	-	-	-	-	39
Total Support and Revenues	11,725	239,402	164,530	256,691	398,100	600,775	109,373	28,500	1,142,110	2,951,206
EXPENSES										
Program Services										
Instruction and Student Activities	16,511	230,866	82,907	128,734	355,491	299,330	85,927	18,371	847,362	2,065,499
Other Program Costs	6,551	18,635	13,474	20,152	7,700	51,446	9,510	4,411	98,885	230,764
Staff Development and Professional Fees	5,000	3,713	900	3,284	1,705	163,606	539	1,632	20,512	200,891
Occupancy Expense	-	9,226	4,422	9,232	180	25,378	4,191	-	33,743	86,372
Depreciation Expense	-	7,558	2,618	7,069	282	20,473	4,263	-	40,590	82,853
Total Program Services	28,062	269,998	104,321	168,471	365,358	560,233	104,430	24,414	1,041,092	2,666,379
Support Services										
General Administrative	-	41,089	15,436	23,788	52,871	81,470	14,318	4,102	139,738	372,812
Total Support Services	-	41,089	15,436	23,788	52,871	81,470	14,318	4,102	139,738	372,812
Total Expenses	28,062	311,087	119,757	192,259	418,229	641,703	118,748	28,516	1,180,830	3,039,191
Excess (Deficiency) of Support and Revenues Over Expenses	(16,337)	(71,685)	44,773	64,432	(20,129)	(40,928)	(9,375)	(16)	(38,720)	(87,985)
Net Assets, Beginning of Year	1,296,843	(623,333)	54,464	621,606	(15,719)	106,507	(61,973)	30,306	668,382	2,077,083
Net Assets, End of Year	\$1,280,506	\$ (695,018)	\$ 99,237	\$ 686,038	\$ (35,848)	\$ 65,579	\$ (71,348)	\$ 30,290	\$ 629,662	\$1,989,098

See Independent Auditor's Report