

**FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

A WIDER CIRCLE, INC.

December 31, 2016 and 2015

A Wider Circle, Inc.

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INDEPENDENT AUDITORS' REPORT

June 25, 2017

Board of Directors
A Wider Circle, Inc.
Silver Spring, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of A Wider Circle, Inc. (a non-profit organization) which comprise the statements of financial position as of December 31, 2016 and 2015 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 the 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. These standards require that we plan and perform the audits 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 auditors' 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 presentation 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 A Wider Circle, Inc. as of December 31, 2016 and 2015 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Janner & Grist, PC

Warren, Rhode Island

A Wider Circle, Inc.
STATEMENTS OF FINANCIAL POSITION
As of December 31,

	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,156,988	\$ 905,400
Certificate of deposits	162,807	162,202
Investment in marketable securities	6,284	992
Grants receivable and promises to give	32,150	100,757
Inventory of donated clothes and household furniture	163,695	124,308
Prepaid expenses	<u>20,222</u>	<u>29,150</u>
Total current assets	<u>1,542,146</u>	<u>1,322,809</u>
PROPERTY AND EQUIPMENT:		
Land and building	4,367,472	4,367,472
Building improvements	340,283	282,381
Furniture, fixtures and equipment	64,612	64,612
Truck	<u>202,147</u>	<u>202,147</u>
	4,974,514	4,916,612
Less: accumulated depreciation	<u>310,037</u>	<u>224,146</u>
Property and equipment, net	<u>4,664,477</u>	<u>4,692,466</u>
OTHER ASSETS		
Loan acquisition costs, net of amortizaion	2,190	2,738
Deposits	<u>5,612</u>	<u>3,070</u>
Total other assets	<u>7,802</u>	<u>5,808</u>
TOTAL	<u><u>\$ 6,214,425</u></u>	<u><u>\$ 6,021,083</u></u>

The accompanying notes are an integral part of these statements.

A Wider Circle, Inc.
STATEMENTS OF FINANCIAL POSITION (continued)
As of December 31,

	2016	2015
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable - trade	\$ 81,979	\$ 38,359
Mortgage payable - current	69,229	60,528
Security deposits payable	8,700	12,700
Total current liabilities	159,908	111,587
LONG-TERM LIABILITIES		
Mortgage payable, less current portion	2,666,047	2,739,472
	2,825,955	2,851,059
NET ASSETS:		
Temporarily restricted	318,965	458,289
Unrestricted	3,069,505	2,711,735
Total net assets	3,388,470	3,170,024
TOTAL	\$ 6,214,425	\$ 6,021,083

The accompanying notes are an integral part of these statements.

A Wider Circle, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
SUPPORT & REVENUE:			
Grants and contribution income	\$ 2,339,683	\$ 323,273	\$ 2,662,956
Government grant income	296,159	-	296,159
Special event revenue, net of expenses	283,270	-	283,270
In-kind support	10,946,543	-	10,946,543
Interest and dividend income	1,238	-	1,238
Unrealized/realized loss on marketable securities	(209)	-	(209)
Rental income	106,777	-	106,777
Other income	12,859	-	12,859
Net assets released from restrictions	462,597	(462,597)	-
Total unrestricted support and reclassifications	14,448,917	(139,324)	14,309,593
EXPENSES:			
Program services	13,749,179	-	13,749,179
Supporting services:			
Management and general	102,844	-	102,844
Fundraising	239,124	-	239,124
Net expenses	14,091,147	-	14,091,147
Change in net assets	357,770	(139,324)	218,446
Net assets, January 1, 2016	2,711,735	458,289	3,170,024
Net assets, December 31, 2016	\$ 3,069,505	\$ 318,965	\$ 3,388,470

The accompanying notes are an integral part of these statements.

A Wider Circle, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT & REVENUE:			
Grants and contribution income	\$ 1,623,846	\$ 1,958,297	\$ 3,582,143
Government grant income	230,198	-	230,198
Special event revenue, net of expenses	216,032	-	216,032
In-kind support	9,660,830	-	9,660,830
Interest and dividend income	1,006	-	1,006
Unrealized/realized loss on marketable securities	(3,103)	-	(3,103)
Rental income	99,615	-	99,615
Other income	29,518	-	29,518
Net assets released from restrictions	<u>1,686,477</u>	<u>(1,686,477)</u>	<u>-</u>
Total unrestricted support and reclassifications	<u>13,544,419</u>	<u>271,820</u>	<u>13,816,239</u>
EXPENSES:			
Program services	12,032,205	-	12,032,205
Supporting services:			
Management and general	100,710	-	100,710
Fundraising	<u>196,551</u>	<u>-</u>	<u>196,551</u>
Net expenses	<u>12,329,466</u>	<u>-</u>	<u>12,329,466</u>
Change in net assets	1,214,953	271,820	1,486,773
Net assets, January 1, 2015	<u>1,496,782</u>	<u>186,469</u>	<u>1,683,251</u>
Net assets, December 31, 2015	<u>\$ 2,711,735</u>	<u>\$ 458,289</u>	<u>\$ 3,170,024</u>

The accompanying notes are an integral part of these statements.

A Wider Circle, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2016

	Supporting Services				
	<u>Program Services</u>	<u>Mgmt & General</u>	<u>Fund- Raising</u>	<u>Total Support</u>	<u>Functional Expenses</u>
Salaries	\$ 1,670,599	\$ 67,639	\$ 82,517	\$ 150,156	\$ 1,820,755
Payroll taxes	145,062	6,239	4,679	10,918	155,980
Benefits	55,199	2,943	1,781	4,724	59,923
Total payroll-related costs	1,870,860	76,821	88,977	165,798	2,036,658
Furniture and household supplies	10,862,568	-	-	-	10,862,568
Community outreach and supplies	210,248	8,930	12,697	21,627	231,875
Rent & occupancy expenses	191,674	1,356	246	1,602	193,276
Legal and professional	123,723	1,436	28,694	30,130	153,853
Fees	124,029	5,640	15,038	20,678	144,707
Interest	116,485	-	-	-	116,485
Depreciation and amortization	79,311	3,211	3,917	7,128	86,439
Printing and reproduction	19,951	30	61,603	61,633	81,584
Technology, internet & web expenses	58,120	381	936	1,317	59,437
Insurance	51,177	2,906	981	3,887	55,064
Postage and delivery	5,898	188	23,463	23,651	29,549
Telephone	12,258	1,220	360	1,580	13,838
Travel	2,400	10	1,772	1,782	4,182
Staff development	2,795	475	440	915	3,710
Miscellaneous	17,682	240	-	240	17,922
Totals	<u>\$ 13,749,179</u>	<u>\$ 102,844</u>	<u>\$ 239,124</u>	<u>\$ 341,968</u>	<u>\$ 14,091,147</u>

The accompanying notes are an integral part of these statements.

A Wider Circle, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2015

	Supporting Services					
	<u>Program Services</u>	<u>Mgmt & General</u>	<u>Fund- Raising</u>	<u>Total Support</u>	<u>Functional Expenses</u>	
Salaries	\$ 1,448,942	\$ 57,947	\$ 61,126	\$ 119,073	\$ 1,568,015	
Payroll taxes	114,519	4,578	4,832	9,410	123,929	
Benefits	<u>56,193</u>	<u>2,948</u>	<u>1,870</u>	<u>4,818</u>	<u>61,011</u>	
Total payroll-related costs	1,619,654	65,473	67,828	133,301	1,752,955	
Furniture and household supplies	9,563,118	-	-	-	9,563,118	
Community outreach and supplies	240,971	3,944	1,506	5,450	246,421	
Rent & occupancy expenses	183,054	6,384	1,792	8,176	191,230	
Fees	115,317	3,113	67,470	70,583	185,900	
Printing and reproduction	52,721	-	26,302	26,302	79,023	
Depreciation and amortization	66,661	2,653	2,799	5,452	72,113	
Insurance	52,207	2,727	1,823	4,550	56,757	
Interest	55,864	-	-	-	55,864	
Postage and delivery	8,149	59	25,022	25,081	33,230	
Legal and professional	15,899	3,155	270	3,425	19,324	
Technology, internet & web expenses	16,352	354	194	548	16,900	
Telephone	13,531	1,105	360	1,465	14,996	
Building related expenses	12,739	1,054	727	1,781	14,520	
Travel	10,574	22	110	132	10,706	
Staff development	906	7,954	348	8,302	9,208	
Emergency assistance	3,067	-	-	-	3,067	
Facilitators	1,421	-	-	-	1,421	
Miscellaneous	<u>-</u>	<u>2,713</u>	<u>-</u>	<u>2,713</u>	<u>2,713</u>	
Totals	<u>\$ 12,032,205</u>	<u>\$ 100,710</u>	<u>\$ 196,551</u>	<u>\$ 297,261</u>	<u>\$ 12,329,466</u>	

The accompanying notes are an integral part of these statements.

A Wider Circle, Inc.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31,

	2016	2015
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>\$ 339,359</u>	<u>\$ 1,372,258</u>
CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchases of property and equipment	(57,902)	(4,294,646)
Proceeds from sale of marketable securities	35,460	106,782
Net (purchase) redemption of certificate of deposit	<u>(605)</u>	<u>(690)</u>
Net cash used by investing activities	<u>(23,047)</u>	<u>(4,188,554)</u>
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Proceeds from mortgage payable	-	4,000,000
Repayments on mortgage payable	(64,724)	(1,200,000)
Loan acquisition costs paid	<u>-</u>	<u>(3,057)</u>
Net cash provided by financing activities	<u>(64,724)</u>	<u>2,796,943</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	251,588	(19,353)
Cash and cash equivalents, January 1	<u>905,400</u>	<u>924,753</u>
Cash and cash equivalents, December 31	<u>\$ 1,156,988</u>	<u>\$ 905,400</u>
Interest paid during the year	<u>\$ 116,485</u>	<u>\$ 55,864</u>

The accompanying notes are an integral part of these statements.

A Wider Circle, Inc.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31,

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 218,446	\$ 1,486,773
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	86,439	72,113
Non-cash contributions	(39,406)	(102,101)
Contribution of marketable securities	(40,939)	(110,792)
Realized loss on sale of marketable securities	171	3,079
Unrealized loss on marketable securities	38	24
Decrease (increase) in operating assets:		
Prepaid expenses	8,925	1,338
Grants receivable and promises to give	68,607	(11,549)
Deposits	(2,542)	3,688
Increase (decrease) in operating liabilities:		
Accounts payable - trade	43,620	19,485
Security deposit payable	(4,000)	10,200
	<u>339,359</u>	<u>1,372,258</u>
Net cash provided by operating activities	<u>\$ 339,359</u>	<u>\$ 1,372,258</u>

The accompanying notes are an integral part of these statements.

A Wider Circle, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE A - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

1. Nature of Activities

A Wider Circle, Inc. (a non-profit organization), was incorporated in the state of Maryland on October 1, 2001. The Organization's mission is to help children and adults lift themselves out of poverty. Each day, A Wider Circle provides basic need items to families transitioning out of shelters or simply living without life's necessities. The Organization furnishes the homes of more than 1,000 children and adults every single month, all free of charge. A Wider Circle also provides comprehensive workforce readiness programming, including job skills training and the provision of professional attire and accessories. The Organization serves more than 2,000 individuals through these workforce readiness services.

2. Basis of Accounting

The Organization recognizes income on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

3. Basis of Presentation

The financial statements are presented in accordance with FASB Accounting Standard Codification (FASB ASC) 958, Not-for-Profit Entities. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The Organization had no permanently restricted net assets as of December 31, 2016 and 2015.

4. Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, the Organization considers all unrestricted highly liquid investments, with an initial maturity of three months or less, to be considered cash.

A Wider Circle, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE A - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES
(continued)

5. Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated for financial statement purposes using the straight-line method based on the property's estimated life.

Additions and improvements that add materially to productive capacity, or extend the life of an asset, are capitalized. Normal repairs and maintenance are charged against income. When facilities are retired or sold, their cost and accumulated depreciation are removed from the accounts and related gains or losses are included in income. In case of trade items, any remaining book value increases the basis of the new acquisitions.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The estimated lives used in determining depreciation are:

Buildings	40 years
Leasehold improvements	5 – 20 years
Furniture and fixtures	3 – 10 years
Computer equipment	5 years
Truck	7 years

6. Income Taxes

The Organization is a not-for-profit organization that is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been classified as an organization that is not a private foundation under Section 590(a)(1). Income that is not related to exempt purposes, less applicable deductions, is subject to Federal and state corporate income taxes. The Organization did not have any unrelated business income for the years ended December 31, 2016 and 2015.

A Wider Circle, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE A - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES
(continued)

7. Donated Material and Contributed Services

During the years ended December 31, 2016 and 2015, the Organization was a recipient of various pieces of furniture and household supplies to hand out to various families in need in the amount of \$10,901,955 and \$9,564,267, respectively. Additionally, the Organization received donated website consultant services in 2016 in the amount of \$ 44,588 and legal and professional services in 2015 in the amount of \$96,563.

Numerous other unpaid volunteers have made significant contributions of their time to the management of the Organization and to the delivery of its program services. The value of this donated time is not determinable and, as such, is not reflected in these financial statements. The total volunteer time in 2016 and 2015 were approximately 137,778 and 103,334 hours and intern time was approximately 53,876 and 38,483 hours, respectively.

8. Restricted and Unrestricted Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

A Wider Circle, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE A - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES
(continued)

9. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

10. Grants and Contract Awards

The Organization receives grants from private grantors for various purposes. Grants and contract awards not yet received are accrued. The Organization defers grants and contract revenues received under approved awards from grantors to the extent they exceed expenses incurred for the purposes specified under the grant restrictions.

11. Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All promises to give are due in less than one year.

12. Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

A Wider Circle, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE A - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES
(continued)

13. Uncertain Tax Provisions

Accounting for uncertain income tax positions, relating to both federal and state income taxes, are required when a more likely than not threshold is attained. If such positions result in uncertainties, then the unrecognized tax liability is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. With the adoption of these new rules, the Organization assessed its tax positions in accordance with the guidance. The Organization has determined that its tax status as a MD non-profit corporation is its only tax position and is highly certain. Therefore, these new rules had no impact on the Organization's financial statements.

14 Subsequent Events

Management has evaluated subsequent events through July 18, 2017, the date which the financial statements were available to be issued.

NOTE B – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at the end of the year represent grants that have been received and designated as temporarily restricted by each respective grantor. As these funds are expended, the temporary restrictions expire and the temporarily restricted net assets are reclassified to unrestricted net assets on the statement of activities.

As of December 31 2016 and 2015, temporarily restricted net assets are comprised of the following funds:

	<u>2016</u>	<u>2015</u>
Building fund	\$ 69,893	\$454,467
Technology fund	115,000	-0-
Renovations	100,000	-0-
Neighborhood Partnerships	10,000	-0-
Highland Dwellings	18,851	-0-
Wydler Brothers	<u>5,221</u>	<u>3,822</u>
	<u>\$318,965</u>	<u>\$458,289</u>

A Wider Circle, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE C – CERTIFICATE OF DEPOSIT

The Organization maintains a portion of its operating funds in a secure income producing investments. As of December 31, 2016 and 2015, these cash investments of \$162,807 and \$162,202 respectively, include certificates of deposit stated at cost, which approximates market value. The certificates of deposit as of December 31, 2016 bear interest at .40% and mature in 2017.

NOTE D – INVESTMENT IN SECURITIES

The Organization classifies investment in securities as available-for-sale securities. All securities are carried at their fair market values in the statement of financial position. Unrealized gains and losses are included in the net assets section of the accompanying statement of financial position.

As of December 31, 2016, details of the unrealized gains and losses are as follows:

	Amortized <u>Cost</u>	Gross Unrealized <u>Gain</u>	Gross Unrealized <u>Losses</u>	Fair Market <u>Value</u>
Available-for-sale securities:				
Equity securities	<u>\$6,322</u>	<u>\$-0-</u>	<u>\$ 38</u>	<u>\$6,284</u>

As of December 31, 2015, details of the unrealized gains and losses are as follows:

	Amortized <u>Cost</u>	Gross Unrealized <u>Gain</u>	Gross Unrealized <u>Losses</u>	Fair Market <u>Value</u>
Available-for-sale securities:				
Equity securities	<u>\$1,016</u>	<u>\$-0-</u>	<u>\$ 24</u>	<u>\$992</u>

A Wider Circle, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE E - MORTGAGE PAYABLE

On May 27, 2015, the Organization purchased the property it was renting on 9153 and 9159 Brookville Road, Silver Spring, MD. As part of this purchase, the Organization entered into a mortgage with a financial institution in the amount of \$4,000,000. The mortgage is secured by the property, interest only payments at the rate of the 1 month LIBOR rate plus 2.5% for the first seven months of the loan. The interest rate as of January 1, 2017 is 4.13%. Beginning on January 1, 2016, the loan became a term loan with monthly payments of \$15,075 principle and interest and is due on January 1, 2021. The balance of the mortgage as of December 31, 2016 and 2015 was \$2,735,276 and \$2,800,000, respectively.

Future maturities of long-term debt are as follows:

December 31, 2017	\$ 69,229
2018	72,143
2019	75,179
2020	78,309
2021 and thereafter	<u>2,440,416</u>
Total	<u>\$ 2,735,276</u>

NOTE F – GRANTS INCOME – GOVERNMENT

The organization for the years ended December 31, 2016 and 2015 was awarded government grant income that covered periods subsequent to December 31, 2016 and 2015. The unearned portion of these grants amounted to \$100,943 and \$96,046 as of December 31, 2016 and 2015, respectively.

NOTE G – FUNDRAISING ACTIVITIES

The Organization conducted fundraising activities during the years ended December 31, 2016 and 2015. Revenue and expenses for the activities are as follows:

	<u>2016</u>	<u>2015</u>
Total revenue raised	\$502,643	\$410,175
Total expenses	<u>219,373</u>	<u>194,143</u>
	<u>\$283,270</u>	<u>\$216,032</u>