



Domus Kids, Inc.

Financial Statements

June 30, 2017 and 2016



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Domus Kids, Inc.

We have audited the accompanying financial statements of Domus Kids, Inc., which comprise the statements of financial position as of June 30, 2017 and 2016, 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.

Auditors' 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 audit 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 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 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 Domus Kids, Inc. as of June 30, 2017 and 2016 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.

PKF O'Connor Davies, LLP
Stamford, Connecticut
December 5, 2017

Domus Kids, Inc.

Statements of Financial Position

	June 30,	
	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 3,490,516	\$ 4,477,974
Accounts, grants and other receivables	1,429,535	1,428,689
Prepaid expenses	14,597	5,621
Due from affiliates, net	-	164,421
Investments	3,942,121	2,722,890
Beneficial interest in assets held by others	1,593,171	1,446,418
Property and equipment, net	<u>2,194,504</u>	<u>2,308,230</u>
	<u>\$ 12,664,444</u>	<u>\$ 12,554,243</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 197,544	\$ 182,493
Accrued payroll and related expenses	169,249	217,655
Due to affiliates, net	<u>58,809</u>	<u>-</u>
Total Liabilities	<u>425,602</u>	<u>400,148</u>
Net Assets		
Unrestricted and undesignated funds	3,911,150	3,865,146
Board designated unrestricted funds	7,253,942	7,215,054
Temporarily restricted	<u>1,073,750</u>	<u>1,073,895</u>
Total Net Assets	<u>12,238,842</u>	<u>12,154,095</u>
	<u>\$ 12,664,444</u>	<u>\$ 12,554,243</u>

See notes to financial statements

Domus Kids, Inc.

Statement of Activities

	For the Year Ended June 30, 2017				
	Unrestricted			Temporarily	
	Programs	Board Designated	Total	Restricted	Total
REVENUE AND SUPPORT					
Contributions	\$ 3,649,282	\$ -	\$ 3,649,282	\$ 1,016	\$ 3,650,298
Government grants and contracts	2,359,255	-	2,359,255	-	2,359,255
Service fees charged to affiliates	907,156	-	907,156	-	907,156
Foundation grants	1,211,513	-	1,211,513	510,814	1,722,327
In-kind rent and support	148,354	-	148,354	-	148,354
Investment income	-	102,588	102,588	-	102,588
Rental income	48,660	-	48,660	-	48,660
Other grants and miscellaneous income	13,766	-	13,766	-	13,766
Refunds of unrelated business income taxes paid in the prior fiscal year	197,179	-	197,179	-	197,179
Investment income appropriated for operations	51,067	(51,067)	-	-	-
Net assets released from restrictions	511,975	-	511,975	(511,975)	-
Total Operating Revenue and Support	9,098,207	51,521	9,149,728	(145)	9,149,583
EXPENSES					
Program services	8,475,862	-	8,475,862	-	8,475,862
Management and general	304,786	-	304,786	-	304,786
Fundraising	630,488	-	630,488	-	630,488
Total Expenses	9,411,136	-	9,411,136	-	9,411,136
Excess (Deficit) of Operating Revenue and Support Over Expenses	(312,929)	51,521	(261,408)	(145)	(261,553)
NONOPERATING ACTIVITIES					
Net change in beneficial interest in assets held by others	-	184,730	184,730	-	184,730
Net realized and unrealized gains on investments	-	161,570	161,570	-	161,570
Board authorized transfers	358,933	(358,933)	-	-	-
Total Nonoperating Activities	358,933	(12,633)	346,300	-	346,300
Change in Net Assets	46,004	38,888	84,892	(145)	84,747
NET ASSETS					
Beginning of year	3,865,146	7,215,054	11,080,200	1,073,895	12,154,095
End of year	\$ 3,911,150	\$ 7,253,942	\$ 11,165,092	\$ 1,073,750	\$ 12,238,842

See notes to financial statements

Domus Kids, Inc.

Statement of Activities

	For the Year Ended June 30, 2016				
	Unrestricted			Temporarily	
	Programs	Board Designated	Total	Restricted	Total
REVENUE AND SUPPORT					
Contributions	\$ 3,626,372	\$ -	\$ 3,626,372	\$ 56,467	\$ 3,682,839
Government grants and contracts	2,920,582	-	2,920,582	-	2,920,582
Service fees charged to affiliates	1,523,490	-	1,523,490	-	1,523,490
Foundation grants	1,225,264	-	1,225,264	252,504	1,477,768
In-kind rent and support	183,265	-	183,265	-	183,265
Investment income	884	56,887	57,771	-	57,771
Rental income	44,387	-	44,387	-	44,387
Other grants and miscellaneous income	26,732	-	26,732	-	26,732
Investment income appropriated for operations	50,256	(50,256)	-	-	-
Net assets released from restrictions	605,258	-	605,258	(605,258)	-
Total Operating Revenue and Support	<u>10,206,490</u>	<u>6,631</u>	<u>10,213,121</u>	<u>(296,287)</u>	<u>9,916,834</u>
EXPENSES					
Program services	9,466,627	-	9,466,627	-	9,466,627
Management and general	342,286	-	342,286	-	342,286
Fundraising	600,223	-	600,223	-	600,223
Total Expenses	<u>10,409,136</u>	<u>-</u>	<u>10,409,136</u>	<u>-</u>	<u>10,409,136</u>
Excess (Deficit) of Operating Revenue and Support Over Expenses	<u>(202,646)</u>	<u>6,631</u>	<u>(196,015)</u>	<u>(296,287)</u>	<u>(492,302)</u>
NONOPERATING ACTIVITIES					
Change in value of investment in limited partnership	-	521,024	521,024	-	521,024
Net change in beneficial interest in assets held by others	-	(121,873)	(121,873)	-	(121,873)
Net realized and unrealized gains on investments	-	62,767	62,767	-	62,767
Board authorized transfers	299,744	(299,744)	-	-	-
Total Nonoperating Activities	<u>299,744</u>	<u>162,174</u>	<u>461,918</u>	<u>-</u>	<u>461,918</u>
Change in Net Assets	97,098	168,805	265,903	(296,287)	(30,384)
NET ASSETS					
Beginning of year	<u>3,768,048</u>	<u>7,046,249</u>	<u>10,814,297</u>	<u>1,370,182</u>	<u>12,184,479</u>
End of year	<u>\$ 3,865,146</u>	<u>\$ 7,215,054</u>	<u>\$ 11,080,200</u>	<u>\$ 1,073,895</u>	<u>\$ 12,154,095</u>

See notes to financial statements

Domus Kids, Inc.

Statements of Functional Expenses

	For the Year Ended June 30, 2017				For the Year Ended June 30, 2016			
	Program Services	Management and General	Fundraising	Total Expenses	Program Services	Management and General	Fundraising	Total Expenses
Personnel costs	\$ 5,587,156	\$ 290,790	\$ 347,877	\$ 6,225,823	\$ 6,476,737	\$ 328,985	\$ 350,602	\$ 7,156,324
Grants to affiliated schools	834,603	-	-	834,603	774,304	-	-	774,304
Direct youth services	525,995	-	-	525,995	591,189	-	-	591,189
Professional and consulting fees	517,820	2,928	984	521,732	523,952	2,406	11,410	537,768
Facilities costs	274,054	3,988	-	278,042	288,479	1,714	-	290,193
Office expenses	186,043	2,402	47,471	235,916	213,612	4,395	40,301	258,308
Fundraising and related expenses	-	-	219,308	219,308	-	-	189,502	189,502
Depreciation and amortization expense	165,661	2,421	-	168,082	163,651	3,015	-	166,666
Insurance expense	160,904	1,533	9,077	171,514	148,066	1,519	7,595	157,180
Other program expenses	98,617	-	4,659	103,276	145,188	-	-	145,188
Transportation expenses	88,908	209	719	89,836	100,031	182	648	100,861
Staff development expenses	36,101	515	393	37,009	41,418	70	165	41,653
Total Expenses	<u>\$ 8,475,862</u>	<u>\$ 304,786</u>	<u>\$ 630,488</u>	<u>\$ 9,411,136</u>	<u>\$ 9,466,627</u>	<u>\$ 342,286</u>	<u>\$ 600,223</u>	<u>\$ 10,409,136</u>

See notes to financial statements

Domus Kids, Inc.

Statements of Cash Flows

	For the Year Ended June 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 84,747	\$ (30,384)
Adjustments to reconcile change in net assets to net cash from operating activities		
Change in value of investment in limited partnership	-	(521,024)
Beneficial interest in assets held by others	(197,820)	107,120
Depreciation and amortization	168,082	166,666
Realized and unrealized gains on investments	(161,570)	(62,767)
Changes in operating assets and liabilities		
Accounts, grants and other receivables	(846)	350,584
Prepaid expenses	(8,976)	8,133
Accounts payable and accrued expenses	15,051	59,438
Accrued payroll and related expenses	(48,406)	25,815
Due to / from affiliates	223,230	(268,440)
	<u>73,492</u>	<u>(164,859)</u>
Net Cash from Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received for liquidation of investment in limited partnership	-	4,523,046
Cash paid for property, buildings and equipment	(54,356)	(63,147)
Purchases of investments	(1,057,661)	(1,891,988)
Net distributions from beneficial interest in assets held by others	51,067	50,256
	<u>(1,060,950)</u>	<u>2,618,167</u>
Net Cash from Investing Activities		
Net Change in Cash and Cash Equivalents	(987,458)	2,453,308
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>4,477,974</u>	<u>2,024,666</u>
End of year	<u>\$ 3,490,516</u>	<u>\$ 4,477,974</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Non-Cash Investing Activities		
Escrow amount receivable from liquidation of investment in limited partnership	\$ -	\$ 672,298

Domus Kids, Inc.

Notes to Financial Statements
June 30, 2017 and 2016

1. Organization

Domus Kids, Inc. (“Domus”) is a not-for-profit organization serving children and families through a variety of programs within the Fairfield and New Haven County communities. Domus provided services to over 1,200 young adults (unaudited) during the year ended June 30, 2017.

Domus shares corporate office space, certain management functions and other general and administrative costs and services with the independent charter schools Trailblazers Academy, Inc. (“Trailblazers Academy”) and Stamford Academy, Inc. (“Stamford Academy”).

Program Services – Domus provides the following services:

Domus SWET – Domus SWET serves eight young men, who are age 18 to 23, on parole, and referred to Domus by various State agencies. The youth live in a supervised apartment setting and are responsible for their own cooking, shopping, and cleaning. Domus works with them to strengthen their independent living skills and avoid re-arrest, and the job developer supports their education, vocational training, soft job skills, and eventual employment.

Passages – Passages provides housing and services to adolescent males ages 14 to 19 who are placed there by the Connecticut Department of Children and Families (“DCF”). The youth live in a group home setting; activities focus on life skills training and educational attainment with the goal of making a successful transition to post-secondary training, education, or the skilled workforce. The youth also receive group and individual counseling, therapeutic recreation and health care. Passages was discontinued during the fiscal year end June 30, 2017.

Chester Addison Community Center – The Chester Addison Community Center provides services to residents of Southwood Square and the surrounding Waterside district in Stamford, Connecticut. Educational, recreational and life skills programs are provided to a variety of age groups.

Domus Academy – Domus Academy is a New Haven public turnaround middle school serving approximately 48 students who have been unsuccessful in a traditional school environment and need a smaller school and individualized attention to meet their full potential. Closely following the successful Domus charter middle school model, Domus Academy offers small classes, free breakfast and lunch, and Domus’ Family Advocates to help every student thrive socially and emotionally while they catch up academically.

Lion’s Den – The Lion’s Den out-of-school-time program serves the students of Trailblazers Academy, who attend the program before and after school, where they receive tutoring, homework help, recreation, youth and family counseling, and other assorted activities. Youth workers, high school and college students, and certified teachers staff the program.

Domus Kids, Inc.

Notes to Financial Statements
June 30, 2017 and 2016

1. Organization (*continued*)

Program Services (continued)

After-School Programming at Turn of River and KT Murphy – Domus operates after-school programs at the Turn of River Middle School and KT Murphy Elementary School in Stamford. The programs offer a diverse array of recreational and academic enrichment programming, providing a safe space for over 100 students at each school to build new skills, improve their academic outcomes, and build relationships with caring adults.

Family Advocates – Family Advocates help students and their families address social, emotional, and life challenges to reduce their impact on school-day learning. Family Advocates work in the Domus schools and the Stamford Public Schools.

The Trafigura Work and Learn Business Center – The Trafigura Work and Learn Business Center is a youth employment program comprised of several youth-run businesses. Working alongside professionals, youth are paid while they learn vital hard and soft skills which help them get and keep jobs. The program's target population is Stamford youth aged 14 to 25 at high risk for adult unemployment and/or justice system involvement. Businesses include bike repair, small engine repair, culinary, nail-hair salon and woodworking.

Prison Visitation Program – The Prison Visitation Program provides transportation to area prisons for relatives and children of prisoners in the criminal justice system. The program is funded by DCF.

Bridgeport Detention Center Summer Program – The Bridgeport Detention Center (“BDC”) Summer Program is a summer academic enrichment program conducted at BDC through a contract with the State Court Support Services Division, who funds the program. Staff work with youth detained at BDC prior to sentencing or after sentencing but before assignment to a correctional facility on academic, social, and emotional skill building and enrichment.

Special Initiatives – Special Initiatives encompasses incubation/pilot efforts and organization-wide initiatives such as implementing the Sanctuary Model of trauma-informed care, providing holiday support to children and families in our care, and supporting our data collection and analysis initiatives associated with our efforts to become a more data-driven organization.

Domus Kids, Inc.

Notes to Financial Statements
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Some of the more significant estimates required to be made by management include the allowance for uncollectible receivables and allocation of certain functional expenses.

Net assets are classified as unrestricted, temporarily restricted or permanently restricted based upon the existence or absence of donor-imposed restrictions limiting the use of the contributed assets as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions, including net assets set aside for program support, emergency needs and long-term investment as and when approved by the Domus' Board of Directors ("Board Designated Unrestricted Funds").

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that either expire by the passage of time or can be fulfilled or otherwise removed by actions of Domus.

Permanently Restricted Net Assets - Net assets subject to donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Domus. Domus did not have any permanently restricted net assets at June 30, 2017 and 2016.

Allowance for Uncollectible Receivables

An allowance for uncollectible receivables is estimated based on a combination of historical bad debts, aging analysis and any specifically known troubled accounts. Management has concluded that an allowance is not required at June 30, 2017 and 2016.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments having maturities of three months or less at the time of purchase, excluding cash held in investment accounts.

Domus Kids, Inc.

Notes to Financial Statements
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

Domus follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investments and Investment Income

Investments are reported at fair value in the statement of financial position. Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include Domus' gains and losses on investments bought and sold as well as those held during the year are included in the determination of net assets.

Domus' Investment Committee determines Domus' valuation policies and procedures. The Committee utilized information provided by the investment brokers and foundation with which investments are held to value investments.

Investment in Limited Partnership

The investment in limited partnership represents an interest in the non-voting, restricted Class A and Class B units of an operating limited partnership contributed to Domus in August 2013. This investment was valued at the estimated fair value on the date the contribution was received and is accounted for under the cost method. Under the cost method, income distributed to Domus from the accumulated earnings of the limited partnership is recorded as revenue in the period received, net of unrelated business income tax. Income distributed to Domus in excess of accumulated earnings of the limited partnership is considered a return of investment and recorded as a reduction of the cost of the investment. This investment was sold during the year ended June 30, 2016 (see Note 6).

Beneficial Interest in Assets Held by Others

Beneficial interest in assets held by others represents investments held by The Fairfield County Community Foundation, Inc. ("FCCF") on behalf of Domus, which are recorded as unrestricted net assets. The beneficial interest in assets held by others is reported at estimated fair value in the statements of financial position.

Revenue Recognition

Domus recognizes revenue from government grants and contracts, which are treated as exchange transactions, and from service fees charged to affiliated organizations, in the period in which the services are provided.

Domus Kids, Inc.

Notes to Financial Statements
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment is stated at cost, or, if donated, at fair value at the date of donation. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives, which are generally between three and seven years. Purchases or donations of property and equipment of less than \$5,000 are generally expensed.

Contributions

Contributions are recognized when the donor makes a promise to give to Domus that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are received. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires or is otherwise satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributed Goods and Services

Donated goods and services are recognized as contributions if they either: a) create or enhance non-financial assets, or b) require specialized skills, are performed by people with those skills and would otherwise be purchased by Domus if not donated. Numerous volunteers have donated time to Domus' programs. However, the general volunteer services did not meet the criteria for recognition in the financial statements for the years ended June 30, 2017 and 2016.

Impairment or Disposal of Long-lived Assets

U.S. GAAP requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. No impairment losses have been recorded to date.

Functional Expenses

Domus allocates its expenses on a functional basis among its program, management and general and fundraising activities. Expenses that can be specifically identified with a program or support service are allocated directly according to their natural classifications. Other expenses that are common to several functions are allocated based on estimates made by management. Domus has adopted and follows a cost allocation plan in accordance with Connecticut state regulations.

Domus Kids, Inc.

Notes to Financial Statements
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies *(continued)*

Income Taxes

Domus is generally exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code; however, Domus is subject to tax on unrelated business activities, primarily those that flow through from its limited partnership investment. Domus recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that Domus had no uncertain tax positions that would require financial statement recognition or disclosure. Domus is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to July 1, 2014.

Measure of Operations

Domus has elected to include an operating measure in its statement of activities titled *excess (deficit) of operating revenue and support over expenses*. The measure of operations includes all grants, contributions and other support, revenue and expenses with the exception of realized and unrealized gains and losses from its investments, beneficial interest in assets held by others, and investment in limited partnerships. Significant, non-routine contributions designated by the board at the time of receipt as an asset to be held for long-term investment are also reported outside of the measure of operation.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date the financial statements were available to be issued, which date is December 5, 2017.

3. Concentration of Risk

Financial instruments that potentially subject Domus to significant concentrations of credit risk consist principally of cash and cash equivalents, investments and governmental grants. At times, cash balances held at financial institutions may be in excess of federally insured limits. Domus has not experienced any losses in its cash deposits. Domus' investments consist of money market funds and a U.S. Treasury note. The money market funds are not protected by federal depository insurance. The value of the U.S. Treasury note is subject to fluctuations due to general market conditions and interest rates.

A significant portion of Domus' support and revenue is derived from government sources. As with all government funding, this funding may be subject to reduction or termination in future years. Any significant reduction in these grants could have a negative impact on Domus' program services. Domus received approximately 27% and 31% of its revenue and support from government sources for the years ended June 30, 2017 and 2016.

Domus Kids, Inc.

Notes to Financial Statements
June 30, 2017 and 2016

4. Investments

Investments, measured using Level 1 and Level 2 inputs, consisted of the following at June 30:

	2017	2016
Level 1		
U.S. Treasury note	\$ 706,995	\$ 733,916
Major index mutual fund	<u>2,133,775</u>	<u>526,628</u>
	2,840,770	1,260,544
Level 2		
Corporate bonds	<u>934,603</u>	<u>1,077,206</u>
	3,775,373	2,337,750
Cash and money market funds	<u>166,748</u>	<u>385,140</u>
Total Investments	<u>\$ 3,942,121</u>	<u>\$ 2,722,890</u>

5. Beneficial Interest in Assets Held By Others

The beneficial interest in assets held by others consists of assets transferred to FCCF for investment on behalf of Domus. This beneficial interest is valued using Level 3 inputs. In accordance with the spending policy of FCCF, up to 4% of the fund value for 2017 and 2016 is available for annual distribution for and to Domus. In addition, the agreement allows for release of funds in excess of the FCCF's spending policy when requested and approved by the Domus Executive Committee to meet working capital, program support and emergency needs and other unforeseen circumstances. Any such release of funds in excess of the FCCF's spending policy must also be approved by FCCF.

Changes in the beneficial interest in assets held by others for the years ended June 30, 2017 and 2016 is as follows:

Beginning balance July 1, 2015	\$ 1,603,794
Contributions	-
Distributions	(50,256)
Depreciation and investment income, net of fees	<u>(107,120)</u>
Ending balance June 30, 2016	1,446,418
Contributions	-
Distributions	(51,067)
Appreciation and investment income, net of fees	<u>197,820</u>
Ending balance June 30, 2017	<u>\$ 1,593,171</u>

Domus Kids, Inc.

Notes to Financial Statements June 30, 2017 and 2016

6. Investment in Limited Partnership

During 2015, it was announced that the limited partnership in which Domus held an investment was to be acquired. Domus' portion of the sales proceeds is a total of \$5,195,344, of which \$4,002,022 was received by Domus on the acquisition date of October 1, 2015, \$521,024 was received in December 2015, and \$672,297 was receivable at June 30, 2016 (and is included in accounts, grants and other receivables at June 30, 2016). On October 28, 2016, \$268,920 of this receivable was collected. The remaining receivable of \$403,379 at June 30, 2017, included in accounts, grants and other receivables, is expected to be collected by December 31, 2017. The December 2015 distribution of \$521,024 was not originally expected and was recognized as income during the year ended June 30, 2016.

7. Related Party Transactions

Due to / from affiliates consisted of the following at June 30:

	<u>2017</u>	<u>2016</u>
Due (to) from Stamford Academy		
Grant	\$ (250,000)	\$ (175,000)
For Services / Shared Services	<u>381,892</u>	<u>299,508</u>
	<u>131,892</u>	<u>124,508</u>
Due from (to) Trailblazers Academy		
Grant	(250,000)	(99,304)
For Services / Shared Services	<u>59,299</u>	<u>139,217</u>
	<u>(190,701)</u>	<u>39,913</u>
Due (to) from Affiliates, net	<u>\$ (58,809)</u>	<u>\$ 164,421</u>

During the years ended June 30, 2017 and 2016, Domus granted Stamford Academy \$334,603 and \$425,000. During the years ended June 30, 2017 and 2016, Domus granted Trailblazers Academy \$500,000 and \$349,304. These grants are included in grants to affiliated schools in the accompanying statements of functional expenses. Any grants due to Stamford Academy and Trailblazers Academy that were unpaid at June 30, 2017 or 2016 were paid subsequent to the applicable year-end.

The amounts due to and due from Stamford Academy and Trailblazers Academy for services / shared services were paid and received subsequent to June 30, 2017 and 2016.

Domus Kids, Inc.

Notes to Financial Statements June 30, 2017 and 2016

7. Related Party Transactions *(continued)*

Beginning July 1, 2015, Domus entered into separate service agreements with Stamford Academy and Trailblazers Academy (together the "Schools") that expire on June 30, 2018. Under the service agreements Domus provides the Schools with certain administrative and program services. The fees charged to the Schools for these services are calculated annually by Domus and approved by the respective Schools' Board of Directors. Fees charged for these services were as follows during the years ended June 30:

	<u>2017</u>	<u>2016</u>
Stamford Academy	\$ 373,303	\$ 706,297
Trailblazers Academy	<u>533,853</u>	<u>817,193</u>
	<u>\$ 907,156</u>	<u>\$ 1,523,490</u>

8. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2017</u>	<u>2016</u>
Building and improvements	\$ 2,431,759	\$ 2,390,372
Leasehold improvements	122,358	122,358
Furniture and fixtures	195,411	195,411
Vehicles and school bus	369,373	369,373
Computer and office equipment	207,535	194,567
Software	<u>82,754</u>	<u>82,754</u>
	3,409,190	3,354,835
Accumulated depreciation and amortization	<u>(1,613,193)</u>	<u>(1,445,112)</u>
	1,795,997	1,909,723
Land	<u>398,507</u>	<u>398,507</u>
Property and Equipment, Net	<u>\$ 2,194,504</u>	<u>\$ 2,308,230</u>

9. Bank Line of Credit

Domus has an available line of credit of \$500,000 that expires on December 31, 2018. Borrowings are due on demand and are collateralized by substantially all of the assets of Domus. The yearly interest rate is equal to the London Interbank Offer Rate Daily Floating Rate plus 2.75%. There were no outstanding borrowings on this line of credit as of June 30, 2017 and 2016. The agreement also includes various restrictions and financial covenants of which Domus believes they are in compliance.

Domus Kids, Inc.

Notes to Financial Statements June 30, 2017 and 2016

10. Leases

Domus and the City of Stamford have an agreement for the lease of a building in Stamford, Connecticut to host Trailblazers Academy, as well as the corporate offices of Domus. The lease term was for a five year period through June 30, 2014, with four consecutive five-year renewal terms at the City's discretion. The City has approved the first of the four five-year extensions. The lease agreement allows Domus to use approximately 78,300 square feet of space for Trailblazers Academy and administrative offices for \$1 annually in addition to paying for utilities and repair and maintenance costs. Domus has recorded the estimated fair value of the corporate office space portion, approximately 5,100 square feet, of this lease of \$62,500 and \$62,500 as in-kind rent for 2017 and 2016. Domus' rent expense under this operating lease totaled \$62,500 and \$62,500 for 2017 and 2016.

Domus also has a month-to-month lease with the City of Stamford for additional office space. Lease payments are \$1 per year. Domus has recorded the estimated fair value of this lease of \$18,000 and \$18,000 as in-kind rent for 2017 and 2016. Rent expense under this operating lease totaled \$18,000 and \$18,000 for 2017 and 2016.

11. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at June 30:

	2017	2016
Purposes		
Property, buildings, building improvements, and and other equipment subject to liens	\$ 578,684	\$ 612,462
Programs		
Security and emergency system enhancements	214,657	-
Lion's Den	170,617	164,348
Chester Addison Community Center	30,573	60,161
Domus House	19,242	-
Holiday Fund	17,488	12,782
Staff wellness	14,684	-
The Trafigura Work and Learn Business Center	10,000	-
Corporate	8,319	8,882
Multicultural	4,750	-
Stone Soup Event	4,736	4,736
Security	-	50,000
Domus Niner	-	25,000
Arts	-	17,024
Project Hope	-	17,000
Passages	-	1,500
Time Periods		
Funds held for future use	-	100,000
Total Temporarily Restricted Net Assets	\$ 1,073,750	\$ 1,073,895

Domus Kids, Inc.

Notes to Financial Statements
June 30, 2017 and 2016

11. Temporarily Restricted Net Assets (continued)

Temporarily restricted net assets released from restrictions consisted of the following during the years ended June 30:

	2017	2016
Purposes		
Property, buildings, building improvements, and and other equipment subject to liens	\$ 72,744	\$ 96,477
Programs		
Lion's Den	164,348	155,430
Chester Addison Community Center	51,014	67,065
Security	50,000	-
Domus Niner	25,000	25,000
Arts	17,024	-
Project Hope	17,000	-
Holiday Fund	12,782	4,519
Domus Academy, Passages and Domus House	1,500	-
Corporate	563	2,660
The Trafigura Work and Learn Business Center	-	100,000
Intern Program	-	11,942
Pelican Emergency Fund	-	9,337
Golf Event	-	7,000
FA-Girls Circle	-	5,000
Libby Walton	-	753
Time Periods		
Funds held for future use	100,000	120,075
Net assets released from restrictions	\$ 511,975	\$ 605,258

12. In-Kind Rent and Support

In-kind rent and support recorded at estimated fair value was as follows for years ended June 30:

	2017	2016
Included in Revenue and Support:		
Office space	\$ 80,500	\$ 80,500
Donated program supplies	67,854	102,765
Total In-Kind Rent and Support	\$ 148,354	\$ 183,265
Included in Functional Expenses:		
Facilities costs	\$ 80,500	\$ 80,500
Other program expenses	67,854	102,765
Total Expenses	\$ 148,354	\$ 183,265

Domus Kids, Inc.

Notes to Financial Statements
June 30, 2017 and 2016

13. Federal and State of Connecticut Grants

Domus has in prior years received funding from the Federal Government's Community Development Block Grants and the State of Connecticut's DCF Bond Act 99-242 and 01-02, for the purpose of facility building improvements. Liens have been placed on Domus' land and buildings until various ongoing terms and conditions of these grants are fulfilled. Liens expire at various times through 2023.

14. Retirement Plan

Domus maintains a defined contribution retirement plan under section 403(b) of the Internal Revenue Code. All employees over 21 years of age, who work a minimum of 1,000 hours per year, become eligible to participate immediately upon hire. Employees may make optional contributions to the plan on a tax-deferred basis up to the maximum amount allowed by the Internal Revenue Service. Domus matches up to 4% of each eligible employee's compensation following one year of service for employees who contributed to the plan. Domus' contributions to the plan were \$117,662 and \$136,558 for the years ended June 30, 2017 and 2016.
