

TRILLIUM HOUSE, INC.
REVIEWED FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

TABLE OF CONTENTS

Independent Accountant's Review Report 3

Statement of Financial Position 4

Statement of Activities 5

Statement of Cash Flows..... 6

Notes to Financial Statements..... 7

SUPPLEMENTARY INFORMATION

Statement of Functional Expenses..... 11



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Trillium House, Inc.

We have reviewed the accompanying financial statements of Trillium House, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included in the statement of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.

Anderson, Tackman & Company, PLLC

Certified Public Accountants
Marquette, Michigan

June 10, 2016

Trillium House, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2015

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	522,706
Unconditional promises to give		141,650
Total Current Assets		<u>664,356</u>

NON-CURRENT ASSETS:

Unconditional promises to give		101,477
		<u>101,477</u>

Property, plant, and equipment:

Land		225,000
Building design and development		48,273
Fixtures, furniture and equipment		1,284
		<u>274,557</u>

Less accumulated depreciation		<u>(248)</u>
-------------------------------	--	--------------

Net Property, Plant, and Equipment		<u>274,309</u>
------------------------------------	--	----------------

Total Non-Current Assets		<u>375,786</u>
--------------------------	--	----------------

TOTAL ASSETS	\$	<u>1,040,142</u>
---------------------	-----------	-------------------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$	1,012
Total Liabilities		<u>1,012</u>

NET ASSETS:

Unrestricted		745
--------------	--	-----

Temporarily restricted:

For capital campaign		1,033,385
----------------------	--	-----------

For indigent patients		5,000
		<u>1,039,130</u>

Total Net Assets		<u>1,039,130</u>
------------------	--	------------------

TOTAL LIABILITIES AND NET ASSETS	\$	<u>1,040,142</u>
---	-----------	-------------------------

See accompanying notes and independent accountant's review report.

Trillium House, Inc.

STATEMENT OF ACTIVITIES

For the year ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:			
SUPPORT:			
Contributions	\$ 710	\$ 1,067,723	\$ 1,068,433
Net assets released from restrictions	-	-	-
TOTAL UNRESTRICTED SUPPORT	710	1,067,723	1,068,433
 REVENUE:			
Investment income	35	-	35
TOTAL REVENUE	35	-	35
TOTAL REVENUE AND SUPPORT	745	1,067,723	1,068,468
 EXPENSES:			
Program services	-	-	-
Administrative and fundraising	-	71,026	71,026
TOTAL EXPENSES	-	71,026	71,026
Change in net assets	745	996,697	997,442
Net assets beginning of year	-	41,688	41,688
NET ASSETS END OF YEAR	\$ 745	\$ 1,038,385	\$ 1,039,130

See accompanying notes and independent accountant's review report.

Trillium House, Inc.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from contributions	\$	825,305
Cash received from miscellaneous		35
Cash paid to suppliers and employees		<u>(69,765)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u><u>755,575</u></u>

CASH FLOWS USED BY INVESTING ACTIVITIES:

Property, plant and equipment additions		<u>(274,557)</u>
NET CASH USED BY INVESTING ACTIVITIES		<u><u>(274,557)</u></u>

NET CHANGE IN CASH AND CASH EQUIVALENTS 481,018

Cash and cash equivalents, beginning of year 41,688

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 522,706

RECONCILIATION OF NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Change in net assets	\$	997,442
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation expense		248
Change in receivables		(243,127)
Change in payables		<u>1,012</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	<u><u>755,575</u></u>

See accompanying notes and independent accountant's review report.

TRILLIUM HOUSE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES:

Nature of Activities

The accounting policies followed by the Trillium House, Inc. and the methods of applying those policies which materially affect the determination of financial position, changes in net assets, cash flows and results of activities are summarized below.

Trillium House, Inc.'s mission statement is to provide a safe and supporting living environment for those living with a terminal diagnosis.

Financial Statement Presentation

The Trillium House, Inc. conforms to the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605-45-3, "*Contributions Received*" and ASC 958-210-45-9, "*Classification of Net Assets*."

In accordance with ASC 958-605-45-3, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Under ASC 958-210-45-9, Trillium House, Inc. is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions.

Unconditional promises to give due in the ensuing year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. Promises to give are from the Capital Campaign, which began in 2014, or from general contributions. Promises to give were reduced to net realizable value based on management's evaluation of potential uncollectible promises receivable at year end.

Contributions of donated cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that required specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued):

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases those net assets classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Property, Plant and Equipment

Property and equipment is stated at cost for assets purchased and fair market value of assets donated to the organization. Depreciation is computed on a straight-line method over the useful lives of the assets generally as follows:

Furniture and equipment 3-10 years

Estimates

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

Income Taxes

Trillium House, Inc. is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. Trillium House, Inc. did not conduct any unrelated business activities, and therefore has made no provision for federal income taxes in the accompanying financial statements. The organization's federal Exempt Organization Information Returns (Form 990) for 2013, 2014 and 2015 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 10, 2016, which is the date the financial statements were available to be issued.

Advertising

Advertising costs are expensed as incurred.

NOTE B – CASH:

Cash Equivalents

The following is a reconciliation of cash for both unrestricted and temporarily restricted assets for Trillium House, Inc. from the statement of financial position:

	Unrestricted	Temporarily Restricted	Total
Cash and cash equivalents	<u>\$745</u>	<u>\$521,961</u>	<u>\$522,706</u>

NOTE B – CASH (Continued):

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, Trillium House, Inc.'s deposits may not be returned to it. The carrying amounts of the deposits with financial institutions were \$503,996 of which \$250,000 was insured by the Federal Deposit Insurance Corporation.

NOTE C – RESTRICTIONS ON NET ASSETS:

A portion of the restrictions on net assets at the end of 2015 relate to funds raised through the Capital Campaign, a drive to raise funds to build a facility for Trillium House, Inc.

An additional amount was restricted that relates to a pledge to be used for indigent patients.

Temporarily restricted assets are available for the following purposes:

Build a facility	\$ 1,033,385
Reserved for indigent patients	5,000
Total Temporarily restricted net assets	<u>\$ 1,038,385</u>

NOTE D – PROMISES TO GIVE:

Unconditional restricted promises to give at December 31, 2015 are as follows:

Receivables in less than one year	\$155,050
Less: Allowance for doubtful accounts	(13,400)
<i>Net Receivable in less than One Year</i>	<u>141,650</u>
Receivables in one to five years	113,131
Receivables in more than five years	-
Less discount to present value	(11,654)
<i>Net Receivable in One to Ten Years</i>	<u>101,477</u>
NET UNCONDITIONAL PROMISES TO GIVE	<u>\$243,127</u>

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 3.15%.

Trillium House, Inc. has made an allowance for uncollectible accounts based on subsequent collections and past collection history. The net remaining amounts are expected to be collectible.

NOTE E – CONCENTRATION OF CREDIT RISK:

The Trillium House, Inc. service area is the Upper Peninsula of Michigan. Major revenue sources include contributions and grants. Realization of such revenues is influenced by regional economic conditions.

SUPPLEMENTARY INFORMATION

Trillium House, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2015

	Program	Management and General	Fundraising	Total
Contracted services	\$ -	\$ 6,867	\$ 42,183	\$ 49,050
Bank and credit card charges	-	261	1,606	1,867
Communications	-	178	1,093	1,271
Depreciation	-	35	213	248
Licenses and permits	-	27	169	196
Insurance	-	156	959	1,115
Supplies	-	145	894	1,039
Marketing	-	176	1,082	1,258
Printing	-	1,592	9,782	11,374
Postage	-	501	3,075	3,576
Miscellaneous expense	-	4	28	32
TOTAL EXPENSES	\$ -	\$ 9,942	\$ 61,084	\$ 71,026

See independent accountant's review report.