

**MATTRESS RECYCLING COUNCIL -  
CONNECTICUT (CT) LLC  
(A WHOLLY OWNED SUBSIDIARY OF THE  
MATTRESS RECYCLING COUNCIL)**

**PRO FORMA FINANCIAL STATEMENTS**

For the Year Ended December 31, 2017

**MATTRESS RECYCLING COUNCIL -  
CONNECTICUT (CT) LLC**  
PRO FORMA FINANCIAL STATEMENTS  
For the Year Ended December 31, 2017

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**BRIDGING STATEMENT MEMO**

To the Board of Directors of the  
**Mattress Recycling Council -  
Connecticut LLC**  
Alexandria, Virginia

**Statement on the Attached Pro Forma Financial Statements**

The accompanying pro forma financial statements of the **Mattress Recycling Council Connecticut LLC** (MRC – CT), comprise the audited statement of financial position as of December 31, 2017, and the related pro forma statements of activities for the year then ended. The pro forma statement of activities consists of two six-month audits performed for the 2017 fiscal year. The first audit is for the Mattress Recycling Council – Connecticut Recycling Operations division for the six-month period of January 1, 2017 – June 30, 2017. The second audit is for the Mattress Recycling Council Connecticut, LLC for the six-month period of July 1, 2017 – December 31, 2017. The combined results of these two audited periods encompass the 2017 fiscal year operations for the MRC – CT. The audited financial statements for each six-month period are attached as Exhibit #1 and #2 to these pro forma statements. These pro forma statements are issued for management’s use and regulatory purposes. They are not intended to be utilized for any other purpose, and do not include a separate auditors’ opinion.

*Lydon Fetterolf Corydon, P.A.*

Rockville, Maryland  
June 18, 2018

**MATTRESS RECYCLING COUNCIL -  
CONNECTICUT, LLC**  
STATEMENT OF FINANCIAL POSITION  
December 31, 2017

**ASSETS**

**CURRENT ASSETS**

	<u>2017</u>
Cash and cash equivalents	\$ 400,854
Investments - short-term	1,521,237
Accounts receivable (net of allowance for doubtful accounts of \$10,352)	502,129
Prepaid expenses	<u>8,491</u>
<b>TOTAL CURRENT ASSETS</b>	<u>2,432,711</u>

**PROPERTY AND EQUIPMENT**

Computers and office equipment	1,628
Furniture	472
Software	<u>14,406</u>
	16,506
Accumulated depreciation	<u>(14,676)</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<u>1,830</u>

**OTHER ASSETS**

Investments - board designated - financial reserve	<u>1,535,174</u>
<b>TOTAL OTHER ASSETS</b>	<u>1,535,174</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,969,715</u></u>

**MATTRESS RECYCLING COUNCIL -  
CONNECTICUT, LLC**  
STATEMENT OF FINANCIAL POSITION  
December 31, 2017

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>	<u>2017</u>
Accounts payable and accrued expenses	\$ 260,300
Due to MRC-Holdings	392,412
Customer credit	<u>8,350</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>661,062</u>
<b>TOTAL LIABILITIES</b>	<u>661,062</u>
 <b>COMMITMENTS AND CONTINGENCIES</b>	
 <b>NET ASSETS</b>	
Net assets - unrestricted	1,773,479
Net assets - board designated - financial reserve	<u>1,535,174</u>
<b>TOTAL NET ASSETS</b>	<u>3,308,653</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,969,715</u></u>

**MATTRESS RECYCLING COUNCIL -  
CONNECTICUT, LLC**  
PRO FORMA STATEMENT OF ACTIVITIES  
Year Ended December 31, 2017

	(Audited) Exhibit #1 1/1/17 - 6/30/17	(Audited) Exhibit #2 7/1/17 - 12/31/17	Pro Forma Totals	%
<b>REVENUES</b>				
Mattress recycling fee	\$ 1,840,761	\$ 1,949,996	\$ 3,790,757	99.3
Interest and dividend income	3,164	23,441	26,605	0.7
<b>TOTAL REVENUES</b>	<u>1,843,925</u>	<u>1,973,437</u>	<u>3,817,362</u>	<u>100.0</u>
<b>EXPENSES</b>				
<b>PROGRAM EXPENSES</b>				
Recycling, transportation, and operational costs	1,160,884	1,434,001	2,594,885	68.0
Program management fees	66,695	88,544	155,239	4.1
Marketing & communications	15,287	19,846	35,133	0.9
Legal	5,967	511	6,478	0.2
Outside consultants	43,009	24,681	67,690	1.8
Travel	3,192	5,235	8,427	0.2
Research and advisory	3,137	20,809	23,946	0.6
<b>TOTAL PROGRAM EXPENSES</b>	<u>1,298,171</u>	<u>1,593,627</u>	<u>2,891,798</u>	<u>75.8</u>
<b>SUPPORTING SERVICES</b>				
General and administrative	17,277	15,668	32,945	0.8
<b>TOTAL SUPPORTING SERVICES</b>	<u>17,277</u>	<u>15,668</u>	<u>32,945</u>	<u>0.8</u>
<b>TOTAL EXPENSES</b>	<u>1,315,448</u>	<u>1,609,295</u>	<u>2,924,743</u>	<u>76.6</u>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS BEFORE INVESTMENT GAINS AND LOSSES</b>				
	528,477	364,142	892,619	23.4
Realized and unrealized increase (decrease) in market value of investments	<u>2,368</u>	<u>5,485</u>	<u>7,853</u>	<u>0.2</u>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS AFTER INVESTMENT GAINS AND LOSSES</b>				
	530,845	369,627	900,472	<u>23.6</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>2,408,181</u>	<u>2,939,026</u>	<u>2,408,181</u>	
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 2,939,026</u>	<u>\$ 3,308,653</u>	<u>\$ 3,308,653</u>	