

JACK AND JILL CHILDREN'S CENTER, INC.

Financial Statements

September 30, 2016 and 2015

Robbins and Landino, P.A.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jack and Jill Children's Center, Inc.

We have audited the accompanying financial statements of Jack and Jill Children's Center, Inc. (a non-profit organization), which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities, cash flows and functional expenses 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 the 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 audit. We conducted our audit 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 auditor's judgment, including the assessment of the risk 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 Jack and Jill Children's Center, Inc. as of September 30, 2016 and 2015, 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.

ROBBINS and LANDINO, P.A.
Certified Public Accountants

Robbins and Landino, P.A.

Fort Lauderdale, Florida
December 9, 2016

JACK AND JILL CHILDREN'S CENTER, INC.
 Statements of Financial Position
 September 30, 2016 and 2015

	2016	2015
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,163,057	\$ 1,107,228
Pledges, Grants and Other Receivables	307,195	190,374
Prepaid Expenses	51,400	29,826
Total Current Assets	1,521,652	1,327,428
Non-current Assets		
Pledges, Grants and Other Receivables	16,750	34,869
Property and Equipment	2,516,325	2,432,595
Beneficial Interest in Assets Held by Community Foundation	35,496	35,205
Other Assets	3,932	687
Total Non-current Assets	2,572,503	2,503,356
Total Assets	\$ 4,094,155	\$ 3,830,784
 Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 115,877	\$ 38,058
Accrued Expenses	136,121	111,617
Deposits	22,871	14,698
Total Current Liabilities	274,869	164,373
Net Assets		
Unrestricted	3,250,254	3,159,280
Temporarily Restricted	329,688	267,787
Permanently Restricted	239,344	239,344
Total Net Assets	3,819,286	3,666,411
Total Liabilities and Net Assets	\$ 4,094,155	\$ 3,830,784

The accompanying notes are an integral part of these financial statements.

JACK AND JILL CHILDREN'S CENTER, INC.
 Statements of Activities
 For the Years Ended September 30, 2016 and 2015

	2016	2015
Unrestricted Net Assets		
Community Support and Revenue		
Community Support		
Government	\$ 219,102	\$ 204,727
Corporate and Private	1,096,592	892,275
Special Events	393,987	337,403
Less: Special Events Expense	(76,341)	(58,074)
Net Assets Released from Restrictions	328,506	181,107
Contributed Services and Materials	39,828	65,917
Total Community Support	2,001,674	1,623,355
Revenue		
Tuition	291,456	257,592
Grants and Contracts	602,788	538,135
Rental Income	6,000	
Rental Expenses	(16,085)	(14,371)
Loss on Disposal of Asset	(88,558)	
Investment Income	31,798	28,562
Total Revenue	827,399	809,918
Total Community Support and Revenue	2,829,073	2,433,273
Expenses		
Child Care	2,009,030	1,702,292
General and Administrative	303,239	316,243
Fundraising	386,002	325,354
Contributed Services and Materials	39,828	19,990
Total Expenses	2,738,099	2,363,879
Change in Unrestricted Net Assets	90,974	69,394
Temporarily Restricted Net Assets		
Contributed Income	390,407	246,243
Net Assets Released from Restrictions	(328,506)	(181,107)
Change in Temporarily Restricted Net Assets	61,901	65,136
Change in Net Assets	152,875	134,530
Net Assets, Beginning of Year	3,666,411	3,531,881
Net Assets, End of Year	\$ 3,819,286	\$ 3,666,411

The accompanying notes are an integral part of these financial statements.

JACK AND JILL CHILDREN'S CENTER, INC.
 Statements of Cash Flows
 For the Years Ended September 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 152,875	\$ 134,530
Adjustments to Reconcile Change in Net Asset to Net Cash Flows from Operating Activities:		
Depreciation	118,632	103,896
Bad Debt	4,656	2,500
Loss on Disposal of Asset	88,558	1,485
(Increase) Decrease in Beneficial Interest in Assets Held by Community Foundation	(2,185)	2,101
Changes in Assets and Liabilities:		
Increase in Pledges and Grants Receivable	(103,358)	(17,157)
Increase in Prepaid Expenses	(21,574)	(8,825)
Increase in Other Assets	(3,245)	(100)
Increase in Accounts Payable	77,819	13,545
Increase in Accrued Expenses	24,504	30,810
Decrease in Deferred Revenue		(2,140)
Increase (Decrease) in Deposits	8,173	(3,085)
	<u>344,855</u>	<u>257,560</u>
Net Cash Flows from Operating Activities	<u>344,855</u>	<u>257,560</u>
Cash Flows from Investing Activities:		
Acquisition of Property and Equipment	(290,920)	(69,122)
Distributions from Beneficial Interest	1,894	
	<u>(289,026)</u>	<u>(69,122)</u>
Net Cash Flows from Investing Activities	<u>(289,026)</u>	<u>(69,122)</u>
Net Change in Cash	55,829	188,438
Cash, Beginning of the Year	<u>1,107,228</u>	<u>918,790</u>
Cash, End of the Year	<u>\$ 1,163,057</u>	<u>\$ 1,107,228</u>

The accompanying notes are an integral part of these financial statements.

JACK AND JILL CHILDREN'S CENTER, INC.
 Statements of Functional Expenses
 For the Years Ended September 30, 2016 and 2015

	2016			
	Child Care	General and Administrative	Fundraising	Total
Salaries and Benefits	\$ 1,414,417	\$ 224,507	\$ 334,871	\$ 1,973,795
Depreciation	102,969	9,953	568	113,490
Food	103,370			103,370
Repairs	88,771	7,832	516	97,119
Program and Other Costs	84,130			84,130
Utilities	71,843	6,338	418	78,599
Office	27,119	24,890	9,211	61,220
Professional Fees	32,940	16,331	1,181	50,452
Insurance	38,808	3,424	226	42,458
Promotion			39,006	39,006
Family Strengthening Program	13,518			13,518
Family Emergency	12,246			12,246
Miscellaneous	5,760	3,984	5	9,749
Licenses, Fees and Dues	5,958	1,324		7,282
Kitchen Supplies	7,181			7,181
Bad Debts		4,656		4,656
	\$ 2,009,030	\$ 303,239	\$ 386,002	\$ 2,698,271

	2015			
	Child Care	General and Administrative	Fundraising	Total
Salaries and Benefits	\$ 1,203,676	\$ 241,051	\$ 280,043	\$ 1,724,770
Depreciation	89,599	8,661	494	98,754
Food	85,414			85,414
Repairs	102,590	9,051	597	112,238
Program and Other Costs	34,080			34,080
Utilities	72,382	6,386	421	79,189
Office	16,031	20,808	8,548	45,387
Professional Fees	31,916	19,846	725	52,487
Insurance	34,922	3,081	203	38,206
Promotion			34,323	34,323
Family Strengthening Program	10,556			10,556
Family Emergency	6,654			6,654
Miscellaneous	4,227	3,540		7,767
Licenses, Fees and Dues	6,078	1,319		7,397
Kitchen Supplies	4,167			4,167
Bad Debts		2,500		2,500
	\$ 1,702,292	\$ 316,243	\$ 325,354	\$ 2,343,889

The accompanying notes are an integral part of these financial statements.

JACK AND JILL CHILDREN'S CENTER, INC.

Notes to Financial Statements
September 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Nature of Activities: Jack and Jill Children's Center, Inc., (the "Center"), is a non-profit organization that works to break the cycle of poverty for children of high need working families through quality early childhood education and family strengthening programs.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

Date of Management's Review: In preparing the financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through December 9, 2016, the date that the financial statements were issued.

Financial Statement Presentation: Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted - Includes amounts which have no external restrictions and which are available for support of current operations.

Temporarily Restricted - Includes amounts which have donor-restrictions that can be fulfilled by actions of the Center pursuant to those restrictions or restrictions that expire by the passage of time.

Permanently Restricted - Includes amounts which have donor-restrictions that stipulate that resources be maintained permanently.

Contributions: Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Time-restricted and purpose-restricted contributions are required to be reported as temporarily restricted support, unless the donor expressly stipulates otherwise. When a restriction expires (that is, when a stipulated time restriction ends or a 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. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Cash Equivalents: For purposes of the statement of cash flows, the Center considers all cash in banks and investments purchased with an original maturity of three months or less to be cash equivalents.

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair market value in the statements of financial position. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

Fair Value of Financial Instruments: Cash equivalents, prepaid expenses, accounts payable, accrued expenses, deferred revenue, and deposits are reflected in the financial statements at cost which approximates fair value because of their short-term nature.

JACK AND JILL CHILDREN'S CENTER, INC.

Notes to Financial Statements
September 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

Property and Equipment: Donated property and equipment are recorded at fair market value at the date of donation. Purchased property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Maintenance and minor repairs are charged to expense when incurred. Additions and major renewals are capitalized. The cost and accumulated depreciation of assets sold or retired is removed from the respective accounts and any gain or loss is reflected in income.

Income Taxes: As a non-profit corporation under Internal Revenue Code Section 501(c)(3), the Center is exempt from income tax on income related to its exempt function. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Center has not incurred any interest or penalties on its income tax returns.

The Center's tax returns are subject to possible examination by the taxing authorities. For Federal income tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Pledges and Grants: Unconditional pledges and grants are recognized as support in the period the commitment is received. Conditional pledges and grants are recognized as support once the conditions are substantially met. Pledges and grants that are expected to be received within one year are recorded at the expected net realizable value when received. Pledges and grants that are expected to be collected in future years are recorded at the present value of estimated future cash flows, discounted using fair value rates. Pledges and grants receivables are written off when deemed uncollectible.

Contributed Services and Materials: Contributions of donated services that create or enhance non-financial assets or that require 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 value in the period received. Contributed materials are also recorded at their fair value in the period received.

Expense Allocation: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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.

2. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

The Center has transferred money to the Community Foundation of Broward, Inc. (the "Foundation") to establish an endowment fund. These amounts are recorded as assets on the statements of financial position at market value. Distributions are based on the Foundation's stated "income return percentage" for the period, multiplied by the weighted average market value of the fund. The aggregate amount recognized in the statement of financial position at September 30, 2016 and 2015 is \$35,496 and \$35,205, respectively, and is recorded as "Beneficial Interest in Assets Held by Community Foundation."

JACK AND JILL CHILDREN'S CENTER, INC.Notes to Financial Statements
September 30, 2016 and 2015**3. PLEDGES, GRANTS, AND OTHER RECEIVABLES**

At September 30, 2016 and 2015, pledges, grants and other receivables consisted of:

	<u>2016</u>	<u>2015</u>
Pledges	\$ 57,443	\$ 80,675
Grants	238,823	117,939
Other	<u>30,585</u>	<u>31,579</u>
	326,851	230,193
Less: Allowance for Doubtful Accounts	<u>(2,906)</u>	<u>(4,950)</u>
	323,945	225,243
Less: Non-Current Portion	<u>(16,750)</u>	<u>(34,869)</u>
Current Portion	<u>\$ 307,195</u>	<u>\$ 190,374</u>

Pledges, grants and other receivables at September 30, 2016, were scheduled to be collected as follows:

Year Ending September 30:	2017	\$ 310,101
	2018	14,000
	2019	<u>2,750</u>
		<u>\$ 326,851</u>

4. PROPERTY AND EQUIPMENT

At September 30, 2016 and 2015, property and equipment consisted of the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 909,444	\$ 909,444
Equipment	405,747	165,197
Building and Improvements	2,368,093	2,484,377
Furniture and Fixtures	<u>148,259</u>	<u>130,334</u>
	3,831,543	3,689,352
Less: Accumulated Depreciation	<u>(1,315,218)</u>	<u>(1,256,757)</u>
Net Book Value	<u>\$ 2,516,325</u>	<u>\$ 2,432,595</u>

5. RETIREMENT PLAN

The Center sponsors a 403(b) retirement plan. Employees with one or more years of full-time service are eligible. The Center contributes 2% of all eligible employees' salaries to the plan. The Center matches employee contributions to the plan up to an additional 3% of salaries.

Retirement plan expense for the years ended September 30, 2016 and 2015 was \$51,074 and \$42,854, respectively.

6. RESTRICTIONS ON ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2016</u>	<u>2015</u>
Child Care	\$ 220,721	\$ 142,794
General and Administrative	4,598	4,768
Future Periods	<u>104,369</u>	<u>120,225</u>
	<u>\$ 329,688</u>	<u>\$ 267,787</u>

JACK AND JILL CHILDREN'S CENTER, INC.Notes to Financial Statements
September 30, 2016 and 2015**6. RESTRICTIONS ON ASSETS (continued)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2016</u>	<u>2015</u>
Child Care	\$ 155,079	\$ 31,854
General and Administrative	170	170
Passage of Time	<u>173,257</u>	<u>149,083</u>
	<u>\$ 328,506</u>	<u>\$ 181,107</u>

Permanently restricted net assets are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Beneficial Interest in Assets Held by Community Foundation	\$ 38,675	\$ 38,675
Land	<u>200,669</u>	<u>200,669</u>
	<u>\$ 239,344</u>	<u>\$ 239,344</u>

7. CONTRIBUTED SERVICES AND MATERIALS

The value of contributed services and materials included in the financial statements is as follows:

	<u>2016</u>	<u>2015</u>
Revenue		
Gifts	\$ 735	\$ 3,070
Food and Beverage	16,120	11,920
Supplies	5,000	5,000
Playground Equipment		45,927
Architectural Services	<u>17,973</u>	
	<u>\$ 39,828</u>	<u>\$ 65,917</u>
Expenses		
Program	\$ 735	\$ 3,070
General and Administrative	22,973	5,000
Special Events	<u>16,120</u>	<u>11,920</u>
	<u>\$ 39,828</u>	<u>\$ 19,990</u>

During the year ended September 30, 2015, playground equipment with an estimated market value of \$45,927 was capitalized.

8. INVESTMENT INCOME

Investment income is summarized as follows:

	<u>2016</u>	<u>2015</u>
Income from Other Endowments	\$ 27,738	\$ 28,279
Interest and Dividends	1,875	2,384
Change in Value of Beneficial Interest	<u>2,185</u>	<u>(2,101)</u>
	<u>\$ 31,798</u>	<u>\$ 28,562</u>

JACK AND JILL CHILDREN'S CENTER, INC.

Notes to Financial Statements
September 30, 2016 and 2015

9. CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Center to concentrations of credit risk consist principally of cash equivalents and unsecured receivables. The Center's ability to collect these receivables is dependent upon economic conditions and the financial condition of its customers. The Center has not experienced significant losses related to receivables. Management believes no additional credit risk is inherent in the Center's receivables.

The Center maintains cash accounts which, at times, may exceed insured limits. At September 30, 2016 and 2015, the Center had demand deposits in financial institutions which exceeded the depositor's insurance provided by the applicable guarantee agency by approximately \$410,000 and \$823,000, respectively. The Center has not experienced any losses from maintaining cash accounts in excess of insured limits. Management believes that it is not exposed to any significant credit risk on its cash accounts.

10. ENDOWMENT FUNDS

Donors and the Center have transferred funds to the Community Foundation of Broward, Inc. (the "Foundation"). The Foundation invests the principal for the funds. Distributions to the Center are made based on the Foundation's stated "income return percentage" for the period, multiplied by the weighted average market value of the funds. These funds are the property of the Foundation, and are owned by it in its normal capacity. These funds are designated by other resource providers for the benefit of the Center, and are not included in the Center's assets or net assets. Following are the funds opened at the Foundation:

Marilyn Mayhill Scholarship Fund: On July 21, 1997, a donor entered into an agreement with the Foundation to establish a scholarship fund for children from low-income families attending Jack and Jill Children's Center, Inc. At September 30, 2016 and 2015, the market value of this fund was approximately \$85,000 for each fiscal year, respectively. Distributions were made to the Center in the amount of \$4,605 for 2016 and \$4,513 for 2015.

Thomas L. Monz Memorial Fund: On June 30, 1997, a donor entered into an agreement with the Foundation to establish a fund to pay for medical expenses of children attending Jack and Jill Children's Center, Inc. At September 30, 2016 and 2015, the market value of this fund was approximately \$6,200 and \$6,100, respectively. Distributions were made to the Center in the amount of \$324 for 2016 and \$318 for 2015.

Jack and Jill Children's Center Endowment Fund: On February 6, 2002, the Center entered into an agreement with the Foundation to establish a fund for general operations. At September 30, 2016 and 2015 the market value of this fund was approximately \$534,000 and \$528,000, respectively. Distributions were made to the Center in the amount of \$27,738 for 2016 and \$28,279 for 2015.