

JACK AND JILL CHILDREN'S CENTER, INC.

Financial Statements

September 30, 2017 and 2016

Robbins and Moroney, 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, 2017 and 2016, 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, 2017 and 2016, 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 MORONEY, P.A.
Certified Public Accountants

Robbins and Moroney, P.A.

Fort Lauderdale, Florida
January 9, 2018

JACK AND JILL CHILDREN'S CENTER, INC.
 Statements of Financial Position
 September 30, 2017 and 2016

	2017	2016
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,766,475	\$ 1,163,057
Pledges, Grants and Other Receivables	243,223	307,195
Prepaid Expenses	78,759	51,400
Total Current Assets	2,088,457	1,521,652
Non-current Assets		
Pledges, Grants and Other Receivables	4,500	16,750
Property and Equipment	2,407,643	2,516,325
Beneficial Interest in Assets Held by Community Foundation	37,634	35,496
Other Assets	1,270	3,932
Total Non-current Assets	2,451,047	2,572,503
 Total Assets	 \$ 4,539,504	 \$ 4,094,155
 Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 78,374	\$ 115,877
Accrued Expenses	162,044	136,121
Deposits	18,176	22,871
Total Current Liabilities	258,594	274,869
Net Assets		
Unrestricted	3,444,147	3,250,254
Temporarily Restricted	597,419	329,688
Permanently Restricted	239,344	239,344
Total Net Assets	4,280,910	3,819,286
 Total Liabilities and Net Assets	 \$ 4,539,504	 \$ 4,094,155

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, 2017 and 2016

	2017	2016
Unrestricted Net Assets		
Community Support and Revenue		
Community Support		
Government	\$ 234,060	\$ 219,102
Corporate and Private	1,193,575	1,096,592
Special Events	382,726	393,987
Less: Special Events Expense	(77,516)	(76,341)
Net Assets Released from Restrictions	309,276	328,506
Contributed Services and Materials	24,158	39,828
Total Community Support	2,066,279	2,001,674
Revenue		
Tuition	338,505	291,456
Grants and Contracts	796,767	602,788
Rental Income	7,500	6,000
Rental Expenses	(14,900)	(16,085)
Loss on Disposal of Asset		(88,558)
Investment Income	32,833	31,798
Total Revenue	1,160,705	827,399
Total Community Support and Revenue	3,226,984	2,829,073
Expenses		
Program Services	2,141,853	2,009,030
General and Administrative	373,341	303,239
Fundraising	493,739	386,002
Contributed Services and Materials	24,158	39,828
Total Expenses	3,033,091	2,738,099
Change in Unrestricted Net Assets	193,893	90,974
Temporarily Restricted Net Assets		
Contributed Income	577,007	390,407
Net Assets Released from Restrictions	(309,276)	(328,506)
Change in Temporarily Restricted Net Assets	267,731	61,901
Change in Net Assets	461,624	152,875
Net Assets, Beginning of Year	3,819,286	3,666,411
Net Assets, End of Year	\$ 4,280,910	\$ 3,819,286

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, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 461,624	\$ 152,875
Adjustments to Reconcile Change in Net Asset to Net Cash Flows from Operating Activities:		
Depreciation	143,772	118,632
Bad Debt	5,265	4,656
Loss on Disposal of Asset		88,558
Increase in Beneficial Interest in Assets Held by Community Foundation	(3,934)	(2,185)
Changes in Assets and Liabilities:		
(Increase) Decrease in Pledges and Grants Receivable	70,957	(103,358)
Increase in Prepaid Expenses	(27,359)	(21,574)
(Increase) Decrease in Other Assets	2,662	(3,245)
Increase (Decrease) in Accounts Payable	(37,503)	77,819
Increase in Accrued Expenses	25,923	24,504
Increase (Decrease) in Deposits	(4,695)	8,173
Net Cash Flows Provided by Operating Activities	636,712	344,855
Cash Flows from Investing Activities:		
Acquisition of Property and Equipment	(35,090)	(290,920)
Distributions from Beneficial Interest	1,796	1,894
Net Cash Flows Used in Investing Activities	(33,294)	(289,026)
Net Change in Cash	603,418	55,829
Cash, Beginning of the Year	1,163,057	1,107,228
Cash, End of the Year	\$ 1,766,475	\$ 1,163,057

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, 2017 and 2016

	2017			
	Program Services	General and Administrative	Fundraising	Total
Salaries and Benefits	\$ 1,424,095	\$ 236,159	\$ 434,520	\$ 2,094,774
Depreciation	125,763	12,156	693	138,612
Food	118,966			118,966
Repairs	122,873	10,840	715	134,428
Program and Other Costs	76,003			76,003
Utilities	65,749	5,801	382	71,932
Office	26,759	28,424	9,054	64,237
Professional Fees	109,497	66,647	60	176,204
Insurance	36,051	3,181	210	39,442
Promotion			48,095	48,095
Family Strengthening Program	10,878			10,878
Family Emergency	11,013			11,013
Miscellaneous	5,004	3,784	10	8,798
Licenses, Fees and Dues	5,248	1,084		6,332
Kitchen Supplies	3,954			3,954
Bad Debts		5,265		5,265
	\$ 2,141,853	\$ 373,341	\$ 493,739	\$ 3,008,933

	2016			
	Program Services	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

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

JACK AND JILL CHILDREN'S CENTER, INC.

Notes to Financial Statements

September 30, 2017 and 2016

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 January 9, 2018, 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 with an original maturity of three months or less when purchased to be cash equivalents.

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

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.

JACK AND JILL CHILDREN'S CENTER, INC.

Notes to Financial Statements

September 30, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

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. A substantial number of volunteers have donated significant time to the Center's program services and fundraising activities that do not meet the criteria for recognition, and accordingly, are not recognized in the accompanying statements of activities. 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 maintains an endowment fund account at the Community Foundation of Broward, Inc. (the "Foundation"). 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 balance in the statement of financial position at September 30, 2017 and 2016 is \$37,634 and \$35,496, 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, 2017 and 2016

3. PLEDGES, GRANTS, AND OTHER RECEIVABLES

Pledges, grants and other receivables consisted of:

	<u>2017</u>	<u>2016</u>
Pledges	\$ 32,761	\$ 57,443
Grants	192,483	238,823
Other	<u>30,650</u>	<u>30,585</u>
	255,894	326,851
Less: Allowance for Doubtful Accounts	<u>(8,171)</u>	<u>(2,906)</u>
	247,723	323,945
Less: Non-Current Portion	<u>(4,500)</u>	<u>(16,750)</u>
Current Portion	<u>\$ 243,223</u>	<u>\$ 307,195</u>

Pledges, grants and other receivables at September 30, 2017, were scheduled to be collected as follows:

Year Ending September 30:	2018	\$ 251,394
	2019	4,250
	2020	<u>250</u>
		<u>\$ 255,894</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 909,444	\$ 909,444
Equipment	422,196	405,747
Building and Improvements	2,370,519	2,368,093
Furniture and Fixtures	<u>155,009</u>	<u>148,259</u>
	3,857,168	3,831,543
Less: Accumulated Depreciation	<u>(1,449,525)</u>	<u>(1,315,218)</u>
Net Book Value	<u>\$ 2,407,643</u>	<u>\$ 2,516,325</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, 2017 and 2016 was \$55,012 and \$51,074, respectively.

6. RESTRICTIONS ON ASSETS

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

	<u>2017</u>	<u>2016</u>
Program Services	\$ 199,051	\$ 220,721
General and Administrative	4,428	4,598
Future Periods	183,940	104,369
Capital Campaign	<u>210,000</u>	<u> </u>
	<u>\$ 597,419</u>	<u>\$ 329,688</u>

JACK AND JILL CHILDREN'S CENTER, INC.

Notes to Financial Statements

September 30, 2017 and 2016

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>2017</u>	<u>2016</u>
Program Services	\$ 146,636	\$ 155,079
General and Administrative	170	170
Passage of Time	<u>162,470</u>	<u>173,257</u>
	<u>\$ 309,276</u>	<u>\$ 328,506</u>

Permanently restricted net assets are available for the following purposes:

	<u>2017</u>	<u>2016</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>2017</u>	<u>2016</u>
Revenue		
Gifts	\$ 2,175	\$ 735
Food and Beverage	16,983	16,120
Supplies	5,000	5,000
Architectural Services		17,973
	<u>\$ 24,158</u>	<u>\$ 39,828</u>
Expenses		
Program Services	\$ 2,175	\$ 735
General and Administrative	5,000	22,973
Special Events	<u>16,983</u>	<u>16,120</u>
	<u>\$ 24,158</u>	<u>\$ 39,828</u>

8. INVESTMENT INCOME

Investment income is summarized as follows:

	<u>2017</u>	<u>2016</u>
Income from Other Endowments	\$ 26,972	\$ 27,738
Interest and Dividends	1,927	1,875
Change in Value of Beneficial Interest	<u>3,934</u>	<u>2,185</u>
	<u>\$ 32,833</u>	<u>\$ 31,798</u>

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, 2017 and 2016, the Center had demand deposits in financial institutions which exceeded the depositor's insurance provided by the applicable guarantee agency. 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 maintained funds at 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 the Center. At September 30, 2017 and 2016, the market value of this fund was approximately \$90,000 and \$85,000, respectively. Distributions were made to the Center in the amount of \$4,321 for 2017 and of \$4,605 for 2016.

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 the Center. At September 30, 2017 and 2016, the market value of this fund was approximately \$6,700 and \$6,200, respectively. Distributions were made to the Center in the amount of \$313 for 2017 and \$324 for 2016.

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, 2017 and 2016 the market value of this fund was approximately \$568,000 and \$534,000, respectively. Distributions were made to the Center in the amount of \$26,972 for 2017 and \$27,738 for 2016.