

**FAMILY FOUNDATIONS OF NORTHEAST
FLORIDA, INC.
(A Nonprofit Organization)**

**INDEPENDENT AUDITORS' REPORTS,
FINANCIAL STATEMENTS, AND
SUPPLEMENTARY INFORMATION**

June 30, 2017 and 2016

FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.
June 30, 2017 and 2016
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Family Foundations of Northeast Florida, Inc.
Jacksonville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Family Foundations of Northeast Florida, Inc. (the "Organization"), a non-profit organization, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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Patrick & Robinson, LLC

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 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 the Organization as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements as a whole.

Other Reports Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2017, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the

scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Organization's 2016 financial statements, and our report dated February 2, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Patrick & Robinson, LLC
Jacksonville, Florida
September 19, 2017

FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 276,213	\$ 18,531
Restricted cash	37	546
Accounts receivable, net	93,724	489,394
Prepaid expenses	6,903	7,129
Total current assets	376,877	515,600
Fixed assets:		
Land and land improvements	0	33,226
Buildings and improvements	0	512,294
Leasehold improvements	213,470	213,470
Furniture, equipment, and software	226,098	464,246
Less accumulated depreciation	(131,455)	(779,447)
Total fixed assets	308,113	443,789
Other assets:		
Investments	624,627	668,197
Other assets	15,145	15,561
Total other assets	639,772	683,758
Total assets	\$ 1,324,762	\$ 1,643,147
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 198,004	\$ 178,254
Line of credit payable	0	485,112
Escrow funds held from debt management program	362	206
Current portion of long term debt	16,428	16,428
Total current liabilities	214,794	680,000
Long-term liabilities:		
PRI loan	57,502	73,930
Retirement plan obligation	59,010	50,292
Total long-term liabilities	116,512	124,222
Total liabilities	331,306	804,222
Net assets:		
Unrestricted	963,006	759,357
Temporarily restricted	30,450	79,568
Total net assets	993,456	838,925
Total liabilities and net assets	\$ 1,324,762	\$ 1,643,147

The accompanying notes are an integral part of this statement.

FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017 WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE AND SUPPORT				
Grants and Public Support				
United Way programs	\$ 612,517	\$	\$ 612,517	\$ 613,217
City public service grants	341,837		341,837	286,108
Federal grants	(16,577)		(16,577)	24,332
Private foundation grants	260,390		260,390	532,948
Net assets released from restrictions	49,118	(49,118)	0	0
Total grants and public support	<u>1,247,285</u>	<u>(49,118)</u>	<u>1,198,167</u>	<u>1,456,605</u>
Program Revenue				
Client fees	5,797		5,797	155,445
Fair share and material fees	1,877		1,877	7,992
Other program services	3,275		3,275	14,149
Total program revenue	<u>10,949</u>	<u>0</u>	<u>10,949</u>	<u>177,586</u>
Other Revenue				
Fundraising activities	40,943		40,943	93,619
Corporate contributions	159,924		159,924	28,875
In-kind contributions	3,247		3,247	21,330
Gain on sale of asset	499,801		499,801	0
Investment income	32,775		32,775	(20,170)
Total other revenue	<u>736,690</u>	<u>0</u>	<u>736,690</u>	<u>123,654</u>
Total revenue and support	1,994,924	(49,118)	1,945,806	1,757,845
EXPENSES				
Program services				
Clinical services	790,230		790,230	759,302
Financial services	713,190		713,190	666,913
Total program services	<u>1,503,420</u>	<u>0</u>	<u>1,503,420</u>	<u>1,426,215</u>
Supporting services				
Management and general	183,132		183,132	230,081
Fundraising	104,723		104,723	77,864
Total supporting services	<u>287,855</u>	<u>0</u>	<u>287,855</u>	<u>307,945</u>
Total expenses	1,791,275	0	1,791,275	1,734,160
CHANGE IN NET ASSETS	203,649	(49,118)	154,531	23,685
NET ASSETS, BEGINNING	<u>759,357</u>	<u>79,568</u>	<u>838,925</u>	<u>815,240</u>
NET ASSETS, END OF YEAR	<u>\$ 963,006</u>	<u>\$ 30,450</u>	<u>\$ 993,456</u>	<u>\$ 838,925</u>

The accompanying notes are an integral part of this statement.

FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	PROGRAM SERVICES			SUPPORT SERVICES			Total
	Clinical Services	Financial Services	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and related expenses	\$ 548,790	\$ 450,557	\$ 999,347	\$ 133,295	\$ 63,344	\$ 196,639	\$ 1,195,986
Computer network maintenance	47,213	49,568	96,781	11,943	3,195	15,138	111,919
Depreciation	24,454	20,076	44,530	5,939	2,822	8,761	53,291
Equipment lease/purchase	12,550	10,304	22,854	3,049	1,449	4,498	27,352
Fundraising events	0	0	0	0	19,859	19,859	19,859
Insurance	11,826	9,709	21,535	2,872	1,365	4,237	25,772
Interest and bank charges	16,668	15,816	32,484	4,048	1,924	5,972	38,456
Marketing	7,404	6,079	13,483	1,799	855	2,654	16,137
Meetings and travel	9,536	7,829	17,365	2,905	1,101	4,006	21,371
Membership dues/subscriptions/annual registrations	2,838	10,020	12,858	440	278	718	13,576
Occupancy	22,393	45,357	67,750	7,464	3,732	11,196	78,946
Professional services/contractors	67,135	29,690	96,825	6,144	2,920	9,064	105,889
Repairs and maintenance	691	566	1,257	168	79	247	1,504
Supplies	10,869	13,012	23,881	1,390	660	2,050	25,931
Telephone/internet	3,812	3,130	6,942	926	440	1,366	8,308
Training	1,040	2,389	3,429	443	588	1,031	4,460
Transition expenses	0	33,000	33,000	0	0	0	33,000
Ways To Work loan losses	0	1,673	1,673	0	0	0	1,673
Miscellaneous	3,011	4,415	7,426	307	112	419	7,845
Total expenses	\$ 790,230	\$ 713,190	\$ 1,503,420	\$ 183,132	\$ 104,723	\$ 287,855	\$ 1,791,275

The accompanying notes are an integral part of this statement.

FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	PROGRAM SERVICES			SUPPORT SERVICES			Total
	Clinical Services	Financial Services	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and related expenses	\$ 607,683	\$ 431,579	\$ 1,039,262	\$ 169,903	\$ 31,004	\$ 200,907	\$ 1,240,169
Computer network maintenance	50,609	30,772	81,381	16,276	6,612	22,888	104,269
Depreciation	1,701	2,088	3,789	1,413	407	1,820	5,609
Fundraising events	0	0	0	0	24,942	24,942	24,942
Insurance	11,178	6,797	17,975	3,595	1,461	5,056	23,031
Interest and bank charges	0	22,910	22,910	3,729	0	3,729	26,639
Marketing	4,422	6,921	11,343	982	0	982	12,325
Meetings and travel	6,711	6,711	13,422	0	0	0	13,422
Occupancy	18,113	36,527	54,640	20,528	7,849	28,377	83,017
Payments to affiliated organizations	4,122	13,021	17,143	1,288	773	2,061	19,204
Printing and publications	0	39,599	39,599	0	0	0	39,599
Professional services/contractors	36,261	30,344	66,605	5,150	1,892	7,042	73,647
Repairs and maintenance	252	507	759	285	109	394	1,153
Supplies	11,036	6,710	17,746	3,549	1,442	4,991	22,737
Telephone/internet	2,541	5,294	7,835	2,712	1,101	3,813	11,648
Training	2,586	2,586	5,172	0	0	0	5,172
Transition expenses	0	10,133	10,133	0	0	0	10,133
Ways To Work loan losses	0	13,145	13,145	0	0	0	13,145
Miscellaneous	2,087	1,269	3,356	671	272	943	4,299
Total expenses	\$ 759,302	\$ 666,913	\$ 1,426,215	\$ 230,081	\$ 77,864	\$ 307,945	\$ 1,734,160

The accompanying notes are an integral part of this statement.

FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 154,531	\$ 23,685
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	53,291	5,611
Gain on sale of asset	(499,801)	0
Realized (gain) loss on investments	(24,975)	22,248
Unrealized loss on investments	9,064	30,221
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	395,670	(451,379)
Decrease (increase) in prepaid expenses	226	(3,765)
Decrease in other assets	416	126,820
Increase in accounts payable and accrued expenses	19,750	118,292
(Decrease) increase in escrow funds held for debt management	156	(4,347)
(Decrease) increase in Individual Development Account liability	0	(145,606)
Decrease in deferred revenue	0	(8,000)
Net cash provided (used) by operating activities	108,328	(286,220)
Cash flows from investing activities:		
Purchase of property and equipment	(10,954)	(93,001)
Proceeds from sale of assets	593,166	0
Leasehold improvements	0	(11,269)
Investment expense	4,672	5,090
Proceeds from sale of investments	85,000	30,127
Purchase of investments	(21,499)	(37,390)
Net cash provided (used) by investing activities	650,385	(106,443)
Cash flows from financing activities:		
Repayments on line of credit	(485,112)	(30,127)
Draws on line of credit	0	375,105
Payment on PRI loan	(16,428)	(16,428)
Net cash provided (used) by financing activities	(501,540)	328,550
Net increase (decrease) in cash	257,173	(64,113)
Cash at beginning of year	19,077	83,190
Cash at end of year	\$ 276,250	\$ 19,077
Cash is presented in the balance sheet as follows:		
Cash and cash equivalents	\$ 276,213	\$ 18,531
Restricted cash	37	546
	\$ 276,250	\$ 19,077
Supplemental Cash Flow Information		
Interest paid during the year	\$ 19,304	\$ 12,032

The accompanying notes are an integral part of this statement.

FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

1. Summary of Significant Accounting Policies

Nature of Activities

Family Foundations of Northeast Florida, Inc. is a nonprofit corporation organized to provide counseling, education, and advocacy services to families in Northeast Florida. The Organization's support comes primarily from grants and contributions from the United Way, local government, and the federal government.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The financial statements of the Organization have been prepared on the accrual basis of accounting. The revenues are recognized when they become measurable and available and expenses are generally recognized when the related liability is incurred.

Basis of Presentation

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

In accordance with generally accepted accounting principles, the Organization 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. As of June 30, 2017 and 2016 the Organization had no permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

1. Summary of Significant Accounting Policies (continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Property and Equipment

Expenditures for property, equipment, and improvements in excess of \$500 are capitalized at cost. Donated assets are capitalized and recorded as support at their fair market value at the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed using the straight line method applied to individual property items based on estimated useful lives, ranging from three to forty years. When depreciable assets are retired or otherwise disposed of the cost is removed from the asset accounts and the related accumulated depreciation accounts, with the net difference subtracted from any revenue from the disposal recorded as income or loss in the period sold.

Contributions and Promises to Give

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are received subject to certain donor stipulations are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which contributions are recognized. 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 (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets from restrictions.

FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

1. Summary of Significant Accounting Policies (continued)

Donated Services and In-Kind Contributions

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, various committee assignments, and fundraising services throughout the year. Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are performed by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. Noncash donations are recorded as in-kind contributions at their estimated fair value at the date of donation.

Functional Expense Allocation

The costs of providing the various programs and other activities for the Organization have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several activities are allocated based on various relationships. Management and general expenses include those expenses that are not indirectly identifiable with any other specific function but provide overall support for the Organization. Fundraising expenses include direct expenses associated with fundraising events and an allocation of resource development expenses.

Grant and Contract Revenue and Support

The Organization receives funding from government agencies. Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Organization with the terms of the grants or contracts.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, as a not-for-profit corporation. The tax reform act of 1969 imposed a corporate income tax on the "unrelated business income" of an otherwise tax-exempt organization. No provision has been made for income taxes in the accompanying financial statements, since the Organization has no unrelated business income.

FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. It is reasonably possible that changes may occur in the near term that would affect management's estimates with respect to the accrued expenses.

2. Restricted Cash

Cash and cash equivalents includes \$37 and \$546 at June 30, 2017 and 2016, respectively, of funds maintained in a separate escrow bank account on behalf of various programs.

3. Fair Value Measurements of Investments

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority and Level 3 inputs have the lowest priority. The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

3. Fair Value Measurements of Investments (continued)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to Fair value measurement.

The investments consist of money market accounts and mutual funds and are presented in the financial statements at fair value. There were no Level 2 or Level 3 inputs. Only Level 1 inputs were used to determine Fair Value of the Investments. The investments consisted of the following as of June 30:

	2017	2016
Money market funds	\$ 215,957	\$ 12,369
Mutual funds	408,169	655,828
	\$ 624,126	\$ 668,197

Investments consist of amounts held for long-term investment and amounts designated for the retirement plan obligations (see Note 6). Investments designated for retirement fund obligations were \$58,509 and \$50,292 at June 30, 2017 and 2016, respectively.

The components of total investment return from investments for 2017 and 2016 are reflected below:

	2017	2016
Interest and dividends	\$ 21,499	\$ 37,389
Unrealized losses	(9,064)	(30,221)
Realized gains (losses)	24,975	(22,248)
Investment fees	(4,672)	(5,090)
	\$ 32,738	\$ (20,170)

4. Compensated Absences

The Organization's employees may accrue paid time off based upon their length of service, subject to certain limitations. Paid time off is recorded as an expense and liability at the time the paid time off is earned. Any paid time off earned but not used may be carried forward up to a maximum of 200 hours. Accrued paid time off totaled \$29,488 and \$33,147 at June 30, 2017 and 2016, respectively, and is included in accounts payable and accrued expenses.

FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Jessie Ball duPont Technical Assistance Grant	\$ <u>30,450</u>	\$ <u>79,568</u>
	\$ <u><u>30,450</u></u>	\$ <u><u>79,568</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

	<u>2017</u>	<u>2016</u>
Purpose restriction accomplished:		
Jessie Ball duPont Technical Assistance Grant	\$ <u>49,118</u>	\$ <u>53,085</u>
Total restrictions released	\$ <u><u>49,118</u></u>	\$ <u><u>53,085</u></u>

6. Retirement Plans

The Organization has a 401(k) retirement plan (the "Plan") in which substantially all employees are eligible to participate. The Plan is classified as a defined contribution plan to which the Organization contributes a discretionary percentage of covered employees' compensation. The Organization's contributions to the Plan are at the sole discretion of the Board of Directors. For the years ended June 30, 2017 and 2016, the Organization contributed \$0 and \$0, respectively, to the Plan.

Additionally, effective December 2007, the Organization adopted an eligible Section 457 plan (the "457 Plan"), providing for deferred compensation contributions by the Organization on behalf of the former Chief Executive Officer. Under the terms of the 457 Plan, employer contributions made on behalf of the former Chief Executive Officer are fully vested after seven years of service. Funds are deposited into a brokerage investment account. During the years ended June 30, 2017 and 2016, the Organization made contributions totaling \$0 and \$3,950, respectively. At June 30, 2017 and 2016, the fair value of the 457 Plan investments was \$58,509 and \$50,292, respectively, which is included in investments and retirement plan obligation on the statement of financial position. Since these contributions are fully vested, an offsetting liability is recorded since the value of the 457 Plan account will be payable to the former Chief Executive Officer upon termination of employment.

FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

7. Debt Management Program

Funds collected from the DMP clients are required to be held in the escrow cash account until disbursed to creditors. The Organization records a liability, *Escrow Funds Held for Debt Management Program*, of equal amount in the statement of financial position.

The following is a summary of the financial activities of the Consumer Credit Counseling Services debt management program:

	2017	2016
Gross amounts processed	\$ 53,177	\$ 123,164
Escrow funds held at year end	362	206
Fair share contributions from credit grantors	682	2,455

8. Lines of Credit

The Organization has a line of credit with UBS Financial Services, Inc. for \$500,000. The interest rate floats at 30 day LIBOR which was 3.715% at June 30, 2017. The line of credit is secured by the investments in the long-term investment fund. At June 30, 2017 and 2016, the Organization owed \$0 and \$485,112, respectively.

9. Leases

The Organization leases office equipment under various operating leases. Lease expense for office equipment was \$23,122 and \$26,139 for the years ended June 30, 2017 and 2016, respectively.

The total minimum lease payments required under the equipment operating leases as of June 30, 2017 are as follows:

For the Year Ending June 30,	Equipment
2018	\$ 14,004
2019	14,004
2020	12,837
2021	0
2022	0
	\$ 40,845

FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

9. Leases (continued)

In May 2015, the Organization completed its move to the Jessie Ball duPont Center as a tenant. Lease expense for the Jessie Ball duPont Center was \$72,418 and \$72,123 for the years ended June 30, 2017 and 2016, respectively.

The total minimum lease payments required under the tenant operating leases as of June 30, 2017 are as follows:

For the Year Ending <u>June 30,</u>	Tenant Operating
2018	\$ 73,767
2019	75,980
2020	78,259
2021	80,607
2022	83,025
	<u>\$ 391,639</u>

10. Loan Payable

The Company has a 7 year 2% simple interest note payable in the original amount of \$115,000. The interest and principal payments are required on a semi-annual basis every June 30 and December 31. The maturity date is December 31, 2021.

Balance at June 30, 2017	\$ 73,930
Less current portion	<u>(16,428)</u>
Total long term debt	<u>\$ 57,502</u>

The aggregate maturities of the above notes at June 30, 2017 are as follows:

<u>Year ending</u>	
2018	\$ 16,428
2019	16,428
2020	16,428
2021	16,428
2022	8,218
Thereafter	0

FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

11. Individual Development Accounts Liability

The Organization provides Individual Development Accounts that are matched savings accounts that enable low-income families to save money to build assets. Monies contributed by clients towards their savings account are matched \$2 for every \$1 saved. The matching funds are provided by a grant from the federal government and local donors. The majority of these funds are for participant match and are not available for use in the Organization's operations, therefore a corresponding liability has been recorded in the financial statements. As of June 30, 2017, the program was completed. There is a balance of unused grant funds that are payable back to the federal grantor in the amount of \$112,686 that is included in accounts payable on the statement of financial position.

12. Donated Services and In-Kind Contributions

The Organization receives donated materials, services and facilities for use in its programs and supporting services. During the years ended June 30, 2017 and 2016, the Organization received the following donated materials, services and facilities:

	2017	2016
Revenue and support:		
Donated services	3,247	21,330
	\$ 3,247	\$ 21,330
Expenses:		
Media services	0	2,500
Printing and publication	3,247	18,830
	\$ 3,247	\$ 21,330

The Organization receives donated services from volunteers who assist in programs. For the year ended June 30, 2017 and 2016, the Organization received an estimated 1,546 and 1,143 volunteer hours, respectively.

Donated services are utilized by the Organization during its annual "Wi\$eMoney Week" program. The program consists of providing financially-oriented educational programs by volunteers at no cost to participants throughout Duval County. Over 8,186 individuals received 34,495 hours of free financially-oriented instruction throughout the week-long event.

No amounts related to these volunteer hours have been recognized in the statement of activities since these services do not meet the criteria for recognition as contributed services.

FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

13. Accounts Receivable

The Organization has accounts receivables that include amounts due for services rendered under agreements and contracts with various federal, municipal and private grantors for the fiscal year ended June 30, 2017. The Organization reported receivables of \$93,724 and \$489,394 as of June 30, 2017 and June 30, 2016, respectively.

The Organization has not experienced a history of significant occurrences of uncollectibility of outstanding receivables resulting from services provided in concurrence with grantor agreements and contracts. The Organization expects that full payment of the invoiced fees will be made, and accordingly, does not report an allowance for doubtful accounts in its financial statements for the fiscal year ended June 30, 2017.

14. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, investments, and accounts receivable. The Organization places its cash equivalents, investments, and short-term deposits with high-quality financial institutions.

At times, the Organization may have cash balances in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC). Uninsured balances totaled \$55,098 and \$0 at June 30, 2017 and 2016, respectively.

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risks associated with certain investments and the level of uncertainty related to changes in the value of the investments, it is at least reasonably possible that changes in risks in the near-term would materially affect the amounts reported in the financial statements. The Organization's Investment Committee manages the investment portfolio with assistance from a third-party investment consultant with oversight on an ongoing basis by the Finance Committee and Chief Executive Officer.

The Organization received a substantial portion of its grants from three sources representing 88% and 77% of total grants and public support for the years ended June 30, 2017 and 2016, respectively. Amounts due from one grantor represented 99% and 63% of the Organization's total accounts receivable as of June 30, 2017 and 2016, respectively.

FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

15. Income Taxes

The Organization adopted ASC 740-10 *Income Taxes*, (formerly Financial Accounting Standards interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109*). ASC 740-10 is intended to substantially reduce tax benefits (e.g., deductions, credits) from uncertainty in accounting for income tax positions. It prescribes under a two-step approach (i.e., recognition under the more-likely-than-not threshold and measurement under the cumulative probability) attributes for a tax position taken or expected to be taken in the tax return. ASC 740-10 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

For federal tax purposes, the Organization has chosen to be treated as a Corporation operating as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. Section 501(c)(3) allows an Organization to operate with a status that makes them exempt from federal income tax as a charitable organization. Accordingly, no provision for federal or state income tax was reflected in the accompanying financial statements.

At June 30, 2017, the Organization had no liability for unrecognized income tax and does not anticipate any increase in the liability for unrecognized tax during the next twelve months. The Organization believes that its income tax position would be sustained upon examination and does not anticipate any adjustments that would result in a material change to its financial position or results of operations. Federal income tax returns remain open for examination by U.S. tax authorities for the years 2014, 2015, and 2016. State income tax returns remain open for examination by tax authorities for the years 2014, 2015 and 2016. The Organization is currently not under any federal or state income tax examination.

16. Subsequent Events

The Organization has evaluated subsequent events through September 19, 2017, the date which the financial statements were available to be issued. No subsequent events were noted that require disclosure in the financial statements.

PATRICK & ROBINSON



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CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Family Foundations of Northeast Florida, Inc.
Jacksonville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Family Foundations of Northeast Florida, Inc. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 19, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Patrick & Robinson, LLC

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Patrick & Robinson, LLC
Jacksonville, FL
September 19, 2017

**FAMILY FOUNDATIONS OF NORTHEAST FLORIDA INC.
SCHEDULE OF SOURCE AND STATUS OF FUNDS
RECEIVED FROM THE CITY OF JACKSONVILLE
FOR THE YEAR ENDED JUNE 30, 2017**

**City of Jacksonville - State Housing Initiative Partnership "SHIP" Grant
Contract #7341-44
Contract Period: 2/25/16 - 6/30/2017
Amount of Award: \$168,000**

	Budget	Actual 2/25/16 - 6/30/2016	Actual 07/01/16 - 6/30/2017	Budget Remaining 6/30/2017
Cash receipts:				
City of Jacksonville	\$ 168,000	\$ 0	\$ 168,000	\$ 0
Cash disbursements:				
Salaries and payroll cost	137,000	76,391	60,609	0
Fringe benefits	6,000	4,599	1,401	0
Credit reports	5,000	2,511	2,489	0
Rent & utility costs	<u>20,000</u>	<u>20,000</u>	<u>0</u>	<u>0</u>
	168,000	103,501	64,499	0
Cash disbursements in excess of receipts	\$ <u>0</u>	\$ <u>103,501</u>	\$ <u>(103,501)</u>	<u>0</u>

**City of Jacksonville - Public Service Grant (PSG)
Contract # 7341-45
Contract Period: 10/1/15-9/30/16
Amount of Award: \$77,508**

	Budget	Actual 10/1/2015 - 6/30/2016	Actual 7/1/2016 - 9/30/2016	Budget Remaining 6/30/2017
Cash receipts:				
City of Jacksonville	\$ 77,508	\$ 0	\$ 77,508	\$ 0
Cash disbursements:				
Salaries and payroll cost	<u>77,508</u>	<u>58,050</u>	<u>19,458</u>	<u>0</u>
Cash disbursements in excess of receipts	\$ <u>0</u>	\$ <u>58,050</u>	\$ <u>(58,050)</u>	<u>0</u>

See independent auditors' report

**SCHEDULE OF SOURCE AND STATUS OF FUNDS
RECEIVED FROM THE CITY OF JACKSONVILLE (continued)**

City of Jacksonville - Jacksonville Journey

Contract # 7341-47

Contract Period: 4/1/16 - 9/30/17

Amount of Award: \$381,000

	<u>Budget</u>	<u>Actual 4/1/2016 - 6/30/2016</u>	<u>Actual 7/1/2016 - 9/30/2017</u>	<u>Budget Remaining 6/30/2017</u>
Cash receipts:				
City of Jacksonville	\$ 381,000	\$ 0	\$ 254,000	127,000
Cash disbursements:				
Assessments	150,000	50,000	50,000	50,000
Enrollments	<u>231,000</u>	<u>0</u>	<u>231,000</u>	<u>0</u>
	381,000	50,000	281,000	50,000
Cash disbursements in excess of receipts	\$ <u>0</u>	\$ <u>50,000</u>	\$ <u>27,000</u>	<u>(77,000)</u>

City of Jacksonville - State Housing Initiative Partnership "SHIP" Grant

Contract # 7341-44

Contract Period: 10/1/16 - 5/31/18

Amount of Award: \$239,000

	<u>Budget</u>	<u>Actual 10/1/2016 - 6/30/2017</u>	<u>Budget Remaining 6/30/2017</u>
Cash receipts:			
City of Jacksonville	\$ 239,000	\$ 0	\$ 239,000
Cash disbursements:			
Salaries and payroll cost	198,000	33,913	164,087
Fringe benefits	24,000	7,857	16,143
Communications	3,000	0	3,000
Rent & utility costs	<u>14,000</u>	<u>3,230</u>	<u>10,770</u>
	239,000	45,000	194,000
Cash disbursements in excess of receipts	\$ <u>0</u>	\$ <u>45,000</u>	\$ <u>(45,000)</u>

See independent auditors' report

**SCHEDULE OF SOURCE AND STATUS OF FUNDS
RECEIVED FROM THE CITY OF JACKSONVILLE (continued)**

City of Jacksonville - Public Service Grant (PSG)

Contract # 7341-45

Contract Period: 10/1/16 - 9/30/17

Amount of Award: \$103,014

	<u>Budget</u>	<u>Actual 10/1/2016 - 6/30/2017</u>	<u>Budget Remaining 6/30/2017</u>
Cash receipts:			
City of Jacksonville	\$ 103,014	\$ 64,280	\$ 38,734
Cash disbursements:			
Salaries and payroll cost	<u>103,014</u>	<u>73,337</u>	<u>29,677</u>
Cash disbursements in excess of receipts	\$ <u><u>0</u></u>	\$ <u><u>9,057</u></u>	\$ <u><u>(9,057)</u></u>