

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

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

**June 30, 2016 and 2015**

**FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.**  
**June 30, 2016 and 2015**  
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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, 2016, 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, 2016, 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 February 2, 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 2015 financial statements, and our report dated September 30, 2015, 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Patrick & Robinson, LLC  
Jacksonville, Florida  
February 2, 2017

**FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 18,531	\$ 82,933
Restricted cash	546	257
Accounts receivable, net	489,394	38,015
Prepaid expenses	7,129	3,364
Total current assets	515,600	124,570
Fixed assets:		
Land and land improvements	33,226	33,226
Buildings and improvements	725,764	714,495
Furniture, equipment, and software	464,246	371,245
Less accumulated depreciation	( 779,447)	( 773,837)
Total fixed assets	443,789	345,129
Other assets:		
Investments	668,197	716,096
Other assets	15,561	142,381
Total other assets	683,758	858,477
Total assets	\$ 1,643,147	\$ 1,328,176
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 178,254	\$ 59,962
Individual development account liability	0	145,606
Line of credit payable	485,112	140,134
Deferred revenue	0	8,000
Escrow funds held from debt management program	206	4,553
Current portion of long term debt	16,428	16,428
Total current liabilities	680,000	374,683
Long-term liabilities:		
PRI loan	73,930	90,358
Retirement plan obligation	50,292	47,895
Total long-term liabilities	124,222	138,253
Total liabilities	804,222	512,936
Net assets:		
Unrestricted	759,357	815,240
Temporarily restricted	79,568	0
Total net assets	838,925	815,240
Total liabilities and net assets	\$ 1,643,147	\$ 1,328,176

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, 2016 WITH SUMMARIZED FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>2016</b>			<b>2015</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>				
<b>Grants and Public Support</b>				
United Way programs	\$ 613,217	\$	\$ 613,217	\$ 544,059
City public service grants	286,108		286,108	35,500
Federal grants	24,332		24,332	2,431
Private foundation grants	400,295	132,653	532,948	570,038
Creditor grants	0		0	11,573
Net assets released from restrictions	53,085	( 53,085)	0	0
Total grants and public support	<u>1,377,037</u>	<u>79,568</u>	<u>1,456,605</u>	<u>1,163,601</u>
<b>Program Revenue</b>				
Client fees	155,445		155,445	75,042
Fair share and material fees	7,992		7,992	15,912
Other program services	14,149		14,149	25,450
Total program revenue	<u>177,586</u>	<u>0</u>	<u>177,586</u>	<u>116,404</u>
<b>Other Revenue</b>				
Fundraising activities	93,619		93,619	73,825
Corporate contributions	28,875		28,875	50,175
In-kind contributions	21,330		21,330	13,432
Investment income	( 20,170)		( 20,170)	( 1,813)
Total other revenue	<u>123,654</u>	<u>0</u>	<u>123,654</u>	<u>135,619</u>
Total revenue and support	1,678,277	79,568	1,757,845	1,415,624
<b>EXPENSES</b>				
<b>Program services</b>				
Clinical services	759,302		759,302	728,047
Financial services	666,913		666,913	587,951
Total program services	<u>1,426,215</u>	<u>0</u>	<u>1,426,215</u>	<u>1,315,998</u>
<b>Supporting services</b>				
Management and general	230,081		230,081	227,515
Fundraising	77,864		77,864	87,890
Total supporting services	<u>307,945</u>	<u>0</u>	<u>307,945</u>	<u>315,405</u>
Total expenses	1,734,160	0	1,734,160	1,631,403
CHANGE IN NET ASSETS	( 55,883)	79,568	23,685	( 215,779)
NET ASSETS, BEGINNING	<u>815,240</u>	<u>0</u>	<u>815,240</u>	<u>1,031,019</u>
NET ASSETS, END OF YEAR	<u>\$ 759,357</u>	<u>\$ 79,568</u>	<u>\$ 838,925</u>	<u>\$ 815,240</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, 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 fees	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	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
<b>Total expenses</b>	<b>\$ 759,302</b>	<b>\$ 666,913</b>	<b>\$ 1,426,215</b>	<b>\$ 230,081</b>	<b>\$ 77,864</b>	<b>\$ 307,945</b>	<b>\$ 1,734,160</b>

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, 2015**

	PROGRAM SERVICES			SUPPORT SERVICES			Total
	Clinical Services	Financial Services	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and related expenses	\$ 605,306	\$ 365,177	\$ 970,483	\$ 185,046	\$ 15,099	\$ 200,145	\$ 1,170,628
Computer network maintenance	50,831	30,209	81,040	13,377	10,701	24,078	105,118
Depreciation	8,867	5,134	14,001	2,333	1,867	4,200	18,201
Fundraising events	0	0	0	0	41,819	41,819	41,818
Insurance	12,272	7,105	19,377	3,229	2,584	5,813	25,190
Interest and bank charges	0	16,270	16,270	2,527	0	2,527	18,796
Marketing	5,461	4,312	9,773	1,437	0	1,437	11,210
Meetings and travel	11,078	8,747	19,825	2,915	0	2,915	22,740
Occupancy	-	15,315	15,315	2,552	2,042	4,594	19,909
Payments to affiliated organizations	2,972	9,286	12,258	0	0	0	12,258
Printing and publications	0	21,452	21,452	1,179	0	1,179	22,631
Professional fees	11,350	36,441	47,791	4,084	6,443	10,527	58,318
Repairs and maintenance	-	4,933	4,933	822	658	1,480	6,414
Supplies	11,628	7,305	18,933	2,727	2,448	5,175	24,108
Telephone	204	25,435	25,639	4,188	3,350	7,538	33,177
Training	3,900	4,105	8,005	0	0	0	8,007
Ways To Work loan losses	0	24,307	24,307	0	0	0	24,307
Miscellaneous	4,178	2,418	6,596	1,099	879	1,978	8,575
Total expenses	\$ 728,047	\$ 587,951	\$ 1,315,998	\$ 227,515	\$ 87,890	\$ 315,405	\$ 1,631,403

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, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 23,685	\$ ( 215,779)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	5,609	18,201
Realized (gain) loss on investments	22,248	( 14,824)
Unrealized loss on investments	30,221	40,854
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	( 451,379)	14,596
Increase in prepaid expenses	( 3,765)	( 3,363)
Decrease in other assets	126,820	26,674
Increase in accounts payable and accrued expenses	118,292	3,703
(Decrease) increase in escrow funds held for debt management	( 4,347)	4,518
Decrease in Individual Development Account liability	( 145,606)	( 156,872)
Decrease in deferred revenue	( 8,000)	( 47,375)
Increase in retirement plan obligation	0	177
Net cash used by operating activities	( 286,221)	( 329,491)
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	( 93,001)	( 28,000)
Leasehold improvements	( 11,269)	( 202,202)
Investment expense	5,090	0
Proceeds from sale of investments	30,127	104,700
Purchase of investments	( 37,390)	( 16,815)
Net cash used by investing activities	( 106,443)	( 142,317)
<b>Cash flows from financing activities:</b>		
Repayments on line of credit	( 30,127)	( 277,913)
Draws on line of credit	375,105	234,932
Proceeds from PRI loan	0	115,000
Payment on PRI loan	( 16,428)	( 8,214)
Net cash provided by financing activities	328,550	63,805
Net decrease in cash	( 64,114)	( 408,003)
<b>Cash at beginning of year</b>	83,190	491,193
<b>Cash at end of year</b>	\$ 19,077	\$ 83,190
<b>Cash is presented in the balance sheet as follows:</b>		
Cash and cash equivalents	\$ 18,531	\$ 82,933
Restricted cash	546	257
	\$ 19,077	\$ 83,190
<b>Supplemental Cash Flow Information</b>		
Interest paid during the year	\$ 12,032	\$ 3,294

The accompanying notes are an integral part of this statement.

**FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

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, 2015, 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, 2016 and 2015 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, 2016 and 2015**

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, 2016 and 2015**

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, 2016 and 2015**

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 \$546 and \$4,810 at June 30, 2016 and 2015, 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, 2016 and 2015**

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:

	<u>2016</u>	<u>2015</u>
Money market funds	\$ 12,369	\$ 1,629
Mutual funds	<u>655,828</u>	<u>714,467</u>
	<u>\$ 668,197</u>	<u>\$ 716,096</u>

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 \$50,292 and \$47,895 at June 30, 2016 and 2015, respectively.

The components of total investment return from investments for 2016 and 2015 are reflected below:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 37,389	\$ 45,246
Unrealized gains (losses)	( 30,221)	( 55,678)
Realized gains (losses)	( 22,248)	14,824
Investment fees	<u>( 5,090)</u>	<u>( 6,207)</u>
	<u>\$ ( 20,170)</u>	<u>\$ (1,814)</u>

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 \$33,147 and \$25,303 at June 30, 2016 and 2015, respectively, and is included in accounts payable and accrued expenses.

**FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Jessie Ball duPont Technical Assistance Grant	\$ <u>79,568</u>	\$ <u>0</u>
	\$ <u><u>79,568</u></u>	\$ <u><u>0</u></u>

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

	<u>2016</u>	<u>2015</u>
Purpose restriction accomplished:		
Jessie Ball duPont Technical Assistance Grant	\$ <u>53,085</u>	\$ <u>65,900</u>
Total restrictions released	\$ <u><u>53,085</u></u>	\$ <u><u>65,900</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, 2016 and 2015, the Organization contributed \$0 and \$22,494, 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 Chief Executive Officer. Under the terms of the 457 Plan, employer contributions made on behalf of the 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, 2016 and 2015, the Organization made contributions totaling \$3,950 and \$0, respectively. At June 30, 2016 and 2015, the fair value of the 457 Plan investments was \$50,292 and \$47,895, 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 would be payable to the Chief Executive Officer upon termination of employment.



**FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

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:

	2016	2015
Gross amounts processed	\$ 123,164	\$ 432,586
Escrow funds held at year end	206	4,553
Fair share contributions from credit grantors	2,455	5,985

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, 2016. The line of credit is secured by the investments in the long-term investment fund. At June 30, 2016 and 2015, the Organization owed \$485,112 and \$140,134, respectively. Starting in November 2013, the Organization began to service interest payments from earnings from its long term investment fund.

9. Leases

The Organization leases office equipment under various operating leases. Lease expense for office equipment was \$26,139 and \$39,120 for the years ended June 30, 2016 and 2015, respectively.

The total minimum lease payments required under the equipment operating leases as of June 30, 2016 are as follows:

For the Year Ending June 30,	Equipment
2017	\$ 14,100
2018	14,100
2019	14,100
2020	14,100
2021	14,100
	\$ 70,500

**FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

9. Leases (continued)

In May 2015, the Organization completed its move to the Jessie Ball duPont Center as a tenant. The Organization owns its facilities at its prior location which is not encumbered by a mortgage which the Organization intends to sell. The proceeds from the sale of the building will be utilized to establish an endowment for the purpose of supporting operating expenses including lease payments at the Center. Lease expense for the Jessie Ball duPont Center was \$72,123 and \$10,109 for the years ended June 30, 2016 and 2015, respectively.

The total minimum lease payments required under the tenant operating leases as of June 30, 2016 are as follows:

For the Year Ending <u>June 30,</u>	Tenant Operating
2017	\$ 71,364
2018	71,364
2019	71,364
2020	71,364
2021	71,364
	\$ 356,820

10. Loan Payable

The Company has a 7 year 2% simple interest note payable in the 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, 2016	\$ 90,352
Less current portion	( 16,428)
Total long term debt	\$ 73,924

The aggregate maturities of the above notes at June 30, 2016 are as follows:

<u>Year ending</u>	
2017	\$ 16,428
2018	16,428
2019	16,428
2020	16,428
2021	16,428
Thereafter	8,212

**FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

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. At June 30, 2016 and 2015, \$0 and \$126,354, respectively, was restricted for this purpose. 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, 2016, 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, 2016 and 2015, the Organization received the following donated materials, services and facilities:

	2016	2015
Revenue and support:		
Donated services	21,330	13,432
	<b>\$ 21,330</b>	<b>\$ 13,432</b>
Expenses:		
Media services	2,500	0
Printing and publication	18,830	13,432
	<b>\$ 21,330</b>	<b>\$ 13,432</b>

The Organization receives donated services from volunteers who assist in programs. For the year ended June 30, 2016 and 2015, the Organization received an estimated 1,143 and 1,423 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 7,462 individuals received 34,023 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, 2016 and 2015**

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, 2016. The Organization reported receivables of \$489,394 and \$38,015 as of June 30, 2016 and June 30, 2015, 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 and related bad-debt expense in its financial statements for the fiscal year ended June 30, 2016.

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 \$0 and \$0 at June 30, 2016 and 2015, 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 Financial Officer.

The Organization received a substantial portion of its grants from three sources representing 77% and 83% of total grants and public support for the years ended June 30, 2016 and 2015, respectively. Amounts due from one grantor represented 63% and 89% of the Organization's total accounts receivable as of June 30, 2016 and 2015, respectively.

**FAMILY FOUNDATIONS OF NORTHEAST FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2016 and 2015**

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, 2016, 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 2013, 2014, and 2015. State income tax returns remain open for examination by tax authorities for the years 2013, 2014 and 2015. The Organization is currently not under any federal or state income tax examination.

16. Subsequent Events

The Organization has evaluated subsequent events through February 2, 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**



**CERTIFIED PUBLIC ACCOUNTANTS**

*Partners*

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**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, 2016, 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 February 2, 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  
February 2, 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, 2016**

**City of Jacksonville - State Housing Initiative Partnership "SHIP" Grant  
Contract #7341-44  
Contract Period: 2/25/15 - 9/30/15  
Amount of Award: \$105,000**

	Budget	Actual 2/25/15 - 6/30/2015	Actual 07/01/15 - 6/30/2016	Budget Remaining 6/30/2016
Cash receipts:				
City of Jacksonville	\$ 105,000	\$ 0	\$ 105,000	\$ 0
Cash disbursements:				
Salaries and payroll cost	<u>105,000</u>	<u>20,500</u>	<u>84,500</u>	<u>0</u>
Cash disbursements in excess of receipts	\$ <u><u>0</u></u>	\$ <u><u>20,500</u></u>	\$ <u><u>(20,500)</u></u>	<u><u>0</u></u>

**City of Jacksonville - State Housing Initiative Partnership "SHIP" Grant  
Contract Period: 2/25/16 - 6/30/17  
Amount of Award: \$168,000**

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



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

**City of Jacksonville - Jacksonville Journey  
Contract # SS-0445-16  
Contract Period: 4/1/16 - 9/30/16  
Amount of Award: \$127,000**

	<u>Budget</u>	<u>Actual 4/1/16 - 6/30/2016</u>	<u>Budget Remaining 6/30/2016</u>
Cash receipts:			
City of Jacksonville	\$ 127,000	\$ 0	\$ 127,000
Cash disbursements:			
Salaries and payroll cost	<u>127,000</u>	<u>73,500</u>	<u>53,500</u>
Cash disbursements in excess of receipts	\$ <u>0</u>	\$ <u>73,500</u>	\$ <u>(73,500)</u>

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

	<u>Budget</u>	<u>Actual 10/1/15 - 6/30/2016</u>	<u>Budget Remaining 6/30/2016</u>
Cash receipts:			
City of Jacksonville	\$ 77,508	\$ 0	\$ 77,508
Cash disbursements:			
Salaries and payroll cost	<u>77,508</u>	<u>58,050</u>	<u>19,458</u>
Cash disbursements in excess of receipts	\$ <u>0</u>	\$ <u>58,050</u>	\$ <u>(58,050)</u>