

A BRIGHTER COMMUNITY, INC.

Financial Statements

December 31, 2015

(With Independent Auditor's Report Thereon)

A BRIGHTER COMMUNITY, INC.

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CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
A Brighter Community, Inc.:

We have audited the accompanying financial statements of A Brighter Community, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, 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.

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 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 organization'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 Organization'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 A Brighter Community, Inc. as of December 31, 2015, 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.

Report on Summarized Comparative Information

We have previously audited A Brighter Community, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 28, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Ellen Fontana CPA LLC

Clearwater, Florida

June 24, 2016

A BRIGHTER COMMUNITY, INC.

Statement of Financial Position

December 31, 2015

With Summarized Financial Information as of December 31, 2014

Assets	2015	2014
Cash	\$ 52,873	71,312
Certificates of deposits	44,322	44,262
Receivables		
Grants and contracts	12,294	9,454
United Way	139,000	69,500
Other	5,000	5,000
Prepaid expenses and other assets	2,289	2,120
Total current assets	255,778	201,648
Property and equipment, net of accumulated depreciation	170,620	126,785
Deposits	2,790	2,790
Total assets	\$ 429,188	331,223
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 13,762	6,693
Line of credit	10,198	—
Accrued payroll	13,167	6,614
Total current liabilities	37,127	13,307
Note payable long term	27,200	27,200
Total liabilities	64,327	40,507
Net assets:		
Unrestricted		
Undesignated	55,241	91,431
Net investment in capital assets	170,620	126,785
	225,861	218,216
Temporarily restricted	139,000	72,500
Total net assets	364,861	290,716
Total liabilities and net assets	\$ 429,188	331,223

See accompanying notes to financial statements.

A BRIGHTER COMMUNITY, INC.

Statement of Activities

Year Ended December 31, 2015

With Summarized Financial Information for the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2015</u>	<u>2014</u>
Support and revenue:				
Grants and contracts	\$ 150,717	—	150,717	161,476
United Way	95,500	139,000	234,500	165,000
Client fees	71,182	—	71,182	70,854
Contributions	34,109	—	34,109	67,890
Special events, net expenses of \$9,538	19,673	—	19,673	—
Interest and other	61	—	61	200
Net assets released from restrictions:				
Expiration of time/use restrictions	72,500	(72,500)	—	—
Total support and revenue	<u>443,742</u>	<u>66,500</u>	<u>510,242</u>	<u>465,420</u>
Expenses:				
Program services	316,572	—	316,572	414,595
Supporting services:				
Management and general	117,583	—	117,583	40,355
Fundraising	1,942	—	1,942	3,261
Total expenses	<u>436,097</u>	<u>—</u>	<u>436,097</u>	<u>458,211</u>
Change in net assets	7,645	66,500	74,145	7,209
Net assets at beginning of year	<u>218,216</u>	<u>72,500</u>	<u>290,716</u>	<u>283,507</u>
Net assets at end of year	\$ <u>225,861</u>	<u>139,000</u>	<u>364,861</u>	<u>290,716</u>

See accompanying notes to financial statements.

A BRIGHTER COMMUNITY, INC.

Statement of Functional Expenses

Year Ended December 31, 2015

With Summarized Financial Information for the Year Ended December 31, 2014

	<u>Supporting Services</u>					
	<u>Management</u>				<u>Total</u>	
	<u>Program Services</u>	<u>and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>2015</u>	<u>2014</u>
Salaries	\$ 169,449	43,598	—	43,598	213,047	227,952
Payroll taxes	15,691	3,308	—	3,308	18,999	18,084
Workers compensation insurance	1,025	264	—	264	1,289	4,062
Retirement	—	—	—	—	—	832
Payroll processing and fees	259	67	—	67	326	838
Total salaries and related expenses	186,424	47,237	—	47,237	233,661	251,768
Food	35,478	—	—	—	35,478	33,136
Contract services	—	32,751	—	32,751	32,751	32,450
Repairs and maintenance	19,199	3,296	—	3,296	22,495	33,561
Utilities	18,131	2,014	—	2,014	20,145	24,028
Educational supplies	15,933	—	—	—	15,933	13,918
Professional fees	143	10,650	—	10,650	10,793	7,768
Insurance	—	10,512	—	10,512	10,512	10,265
Kitchen and housekeeping supplies	7,481	20	—	20	7,501	8,974
Travel and conferences	5,767	258	—	258	6,025	4,285
Telephone	3,149	502	—	502	3,651	3,564
Equipment rental	2,722	836	—	836	3,558	3,364
Office supplies	547	1,386	—	1,386	1,933	5,242
Membership dues and licenses	1,208	241	—	241	1,449	1,453
Postage	—	536	—	536	536	64
Fundraising	—	—	1,736	1,736	1,736	3,261
Loss on disposal of asset	—	3,710	—	3,710	3,710	—
Other	387	1,411	206	1,617	2,004	893
Total expenses before depreciation	296,569	115,360	1,942	117,302	413,871	437,994
Depreciation	20,003	2,223	—	2,223	22,226	20,217
Total expenses	\$ <u>316,572</u>	<u>117,583</u>	<u>1,942</u>	<u>119,525</u>	<u>436,097</u>	<u>458,211</u>

See accompanying notes to financial statements.

A BRIGHTER COMMUNITY, INC.

Statement of Cash Flows

Year Ended December 31, 2015

With Summarized Financial Information for the Year Ended December 31, 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 74,145	7,209
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	22,226	20,217
Loss on disposal of asset	3,710	—
Decrease (increase) in grants and contracts receivable	(2,840)	1,970
Increase in United Way receivable	(69,500)	—
Decrease (increase) in prepaid expenses and other assets	(169)	2,544
Increase in accounts payable and accrued expenses	7,069	3,455
Increase in accrued payroll	6,553	43
Net cash provided by operating activities	<u>41,194</u>	<u>35,438</u>
Cash flows from investing activities:		
Net change in certificates of deposits	(60)	—
Purchase of property and equipment	(69,771)	(42,764)
Net cash used in investing activities	<u>(69,831)</u>	<u>(42,764)</u>
Cash flows from financing activities:		
Net change on line of credit	10,198	—
Net cash provided by financing activities	<u>10,198</u>	<u>—</u>
Net change in cash	(18,439)	(7,326)
Cash at beginning of year	<u>71,312</u>	<u>78,638</u>
Cash at end of year	<u>\$ 52,873</u>	<u>71,312</u>

See accompanying notes to financial statements.

A BRIGHTER COMMUNITY, INC.

Notes to Financial Statements

December 31, 2015

(1) Nature of Organization

A Brighter Community, Inc. (the Organization) is a nonprofit entity which provides child care and pre-kindergarten programs to children between the ages of 3 and 6. The Organization is funded by United Way of the Suncoast, Inc., Hillsborough County, parent fees, other grants and contributions.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and to present revenue, expenses, and net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets – Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets which are subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets that must be maintained by the Organization in perpetuity. As of December 31, 2015 the Organization did not have any permanently restricted net assets.

Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Local grants are considered exchange transactions and are recorded as unrestricted revenue when earned.

United Way revenue is recorded as a receivable at the time United Way pledges the funds to the Organization. The receivable is recorded in temporarily restricted net assets and is reflected as an asset released from restriction on a pro rata basis when the funds are collected monthly in the subsequent fiscal year.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue of the unrestricted net asset class. Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional.

(b) Fair Value of Financial Instruments

The fair value of the Organization's financial instruments which include cash, certificates of deposit, receivables, and accounts payable are equal to their carrying amounts as presented in the accompanying statement of financial position.

(c) Property and Equipment

Property and equipment are stated at cost, if purchased or at estimated fair value at the date of receipt if acquired by gift. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets. Major renewals and betterments are capitalized.

A BRIGHTER COMMUNITY, INC.

Notes to Financial Statements

December 31, 2015

Maintenance, repairs and minor renewals are expensed as incurred. It is the policy of the Organization to maintain all property and equipment in good condition.

(d) ***Functional Allocation of Expenses***

The costs of providing the various program and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on direct usage or management's estimates of the benefit derived by each activity.

(e) ***Use of Estimates***

Management of the Organization has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities, as well as pro rata allocations in the recording of expenditures, to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(f) ***Income Taxes***

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Income Tax Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. The Organization is subject to the accounting standards on accounting for uncertainty in income taxes. Management does not believe it has taken any tax positions that are subject to a significant degree of uncertainty. The Organization's federal returns are generally open for examination for three years following the date filed.

(g) ***Summarized Financial Information for 2014***

The financial information for the year ended December 31, 2014, presented for comparative purposes, is not intended to be a complete presentation. Certain 2014 amounts have been reclassified to conform with the 2015 presentation.

(3) **Certificates of Deposits**

The Organization has two certificates of deposit. The following is a schedule of the current maturity date and interest rate:

<u>Maturity</u>		<u>Interest Rate</u>
September 12, 2016	\$ 22,377	0.05%
August 13, 2016	<u>21,945</u>	0.05%
	<u>\$ 44,322</u>	

A BRIGHTER COMMUNITY, INC.

Notes to Financial Statements

December 31, 2015

(4) Property and Equipment

Property and equipment consist of the following at December 31, 2015:

		<u>Estimated Useful Lives</u>
Land	\$	
Building and improvements	21,100	5 to 40 years
Furniture, fixtures and equipment	564,330	3 to 5 years
	<u>106,499</u>	
Less accumulated depreciation	691,929	
	<u>(521,309)</u>	
	\$	
	<u>170,620</u>	

(5) Note Payable

The Organization is obligated under a deferred payment promissory note in the amount of \$27,200 to the City of Tampa. The promissory note is secured by land and a building. The note does not bear interest and is deferred indefinitely as long as the Organization remains a fee simple owner of the secured property and the secured property is not converted into a condominium or any form of cooperative ownership. Interest does not accrue during the deferment period.

(6) Leases

The Organization leases office equipment under a non-cancellable operating lease that expires in 2016. Rent expense for all operating leases for the year ended December 31, 2015 was \$3,558.

The following is a schedule of future minimum lease payments:

<u>Year ending December 31,</u>		
2016	\$	1,246
Thereafter		<u>—</u>
Total minimum lease payments	\$	<u>1,246</u>

A BRIGHTER COMMUNITY, INC.

Notes to Financial Statements

December 31, 2015

(7) Grant and Contract Revenue

The Organization receives support from several grantors under various contracts. During the year ended December 31, grant revenue consisted of the following:

Grantor/Program Name	Revenue	
	2015	2014
Florida Food Program	\$ 45,059	48,244
Early Learning Coalition of Hillsborough County:		
School Readiness	12,379	27,791
Voluntary Pre-Kindergarten	45,372	50,378
Conn Memorial Foundation	25,000	25,000
Saunders Foundation	10,000	—
Hillsborough County - Social Service Grant	6,477	4,972
Children's Board	4,930	4,091
The Talcott Family Foundation:		
Foster Grandparent Program	1,000	1,000
Other	500	—
	<u>\$ 150,717</u>	<u>161,476</u>

(8) Revolving Line of Credit

The Organization has a line of credit from a financial institution which allows the Organization to borrow up to \$20,000. The line of credit is secured by accounts receivable, bears interest at prime plus 1.5% (5% at December 31, 2015) and is due on demand. At December 31, 2015, \$10,198 was outstanding under the line of credit.

(9) Temporary Restrictions on Net Assets

Temporarily restricted net assets as of December 31, 2015 relate to the following:

United Way pledge	\$ 139,000
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(10) Concentrations

Support from United Way and the Early Learning Coalition of Hillsborough County represented approximately 46% and 11%, respectively, of total support and revenue for the year ended December 31, 2015.

A BRIGHTER COMMUNITY, INC.

Notes to Financial Statements

December 31, 2015

(11) Related Parties

The Executive Director is a Vice President at a financial institution in which the Organization maintains cash accounts and a line of credit.

(12) Subsequent Events

Management has evaluated subsequent events through June 24, 2016, the date which the financial statements were available for issue.

Management has concluded that there are no subsequent events requiring disclosure.