211 PALM BEACH/TREASURE COAST, INC.

REPORT ON AUDIT OF
CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2018
(with comparable totals for 2017)

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Holyfield & Thomas, LLC
Certified Public Accountants & Advisors
125 Butler Street • West Palm Beach, FL 33407
(561) 689-6000 • Fax (561) 689-6001 • www.holyfieldandthomas.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
211 Palm Beach/Treasure Coast, Inc.
Lantana, Florida

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of 211 Palm Beach/Treasure Coast, Inc. (a Florida non-profit corporation) which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of 211 Palm Beach/Treasure Coast, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018, on our consideration of 211 Palm Beach/Treasure Coast, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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 211 Palm Beach/Treasure Coast, Inc.'s internal control over financial reporting and compliance.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated schedules of program expenses on pages 24-25 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the 211 Palm Beach/Treasure Coast, Inc. 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 13, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Holyfield & Thomas, LLC

West Palm Beach, Florida
December 3, 2018

As of June 30, 2018 ***(with comparable totals for 2017)***

	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 318,095	$ 143,947
Grants and allocations receivable	89,237	243,236
Accounts receivable, net	9,447	8,483
Prepaid expenses and other assets	36,905	26,253
Total current assets	453,684	421,919
Split-interest agreements	4,876	9,494
Property and equipment, net	573,102	631,760
Total assets	$ 1,031,662	$ 1,063,173
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 83,205	$ 56,281
Current portion of mortgage payable	13,410	12,885
Deferred revenue	13,905	-
Deposits	10,000	10,000
Total current liabilities	120,520	79,166
Mortgage payable	207,029	220,055
Total liabilities	327,549	299,221
Net assets:		
Unrestricted	609,670	623,877
Temporarily restricted	94,443	140,075
Total net assets	704,113	763,952
Total liabilities and net assets	$ 1,031,662	$ 1,063,173

See accompanying notes to consolidated financial statements.

For the Year Ended June 30, 2018 ***(with comparable totals for 2017)***

	Unrestricted	Temporarily Restricted	2018 Totals	2017 Totals
Support and Revenues:				
Support:				
Federal and state contracts	$ 379,714	$ -	$ 379,714	$ 565,000
County and other local grants	921,134	-	921,134	806,428
United Way allocations	517,856	-	517,856	501,942
Contributions	87,728	165,739	253,467	467,394
Gifts in-kind	43,010	-	43,010	45,330
Total support	1,949,442	165,739	2,115,181	2,386,094
Revenues:				
Rental income	57,102	-	57,102	56,078
Fundraising revenue	240,587	-	240,587	221,665
Training and license	9,134	-	9,134	1,483
Other income	18,076	-	18,076	9,900
Change in value of split-interest agreements	-	(4,618)	(4,618)	920
Interest income	54	-	54	80
Total revenues	324,953	(4,618)	320,335	290,126
Total support and revenues	2,274,395	161,121	2,435,516	2,676,220
Net assets released from restrictions	206,753	(206,753)	-	-
	2,481,148	(45,632)	2,435,516	2,676,220
Expenses:				
Program services	2,099,667	-	2,099,667	2,001,965
Support services:				
Management and general	101,507	-	101,507	76,603
Building	88,522	-	88,522	83,651
Fundraising	205,513	-	205,513	152,266
Total expenses	2,495,209	-	2,495,209	2,314,485
Insurance proceeds from damaged property	-	-	-	(115,160)
Loss on disposal of asset	146	-	146	1,370
	146	-	146	(113,790)
Change in net assets	(14,207)	(45,632)	(59,839)	475,525
Net assets, beginning of year	623,877	140,075	763,952	288,427
Net assets, end of year	$ 609,670	$ 94,443	$ 704,113	$ 763,952

See accompanying notes to consolidated financial statements.

For the Year Ended June 30, 2018 ***(with comparable totals for 2017)***

	2018	2017
Cash flows from operating activities:		
Cash received from contributors and grantors	$ 2,248,245	$ 2,208,229
Cash received from rentals	57,102	56,078
Cash received from fundraising	240,587	221,665
Other income	18,076	9,900
Interest income	54	80
Cash paid to employees and suppliers for goods and services	(2,358,441)	(2,289,978)
Interest expense	(9,695)	(10,636)
Net cash provided by operating activities	195,928	195,338
Cash flows from investing activities:		
Insurance proceeds from damaged property	-	115,160
Purchase of property and equipment	(9,279)	(263,948)
Net cash used in investing activities	(9,279)	(148,788)
Cash flows from financing activities:		
Advances from mortgage payable	-	250,000
Mortgage principal payments	(12,501)	(155,575)
Net cash provided by (used in) financing activities	(12,501)	94,425
Change in cash and cash equivalents	174,148	140,975
Cash and cash equivalents, beginning of year	143,947	2,972
Cash and cash equivalents, end of year	$ 318,095	$ 143,947

See accompanying notes to consolidated financial statements.

For the Year Ended June 30, 2018 ***(with comparable totals for 2017)***

	2018	2017
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	$ (59,839)	$ 475,525
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	67,791	44,489
Change in value of split-interest agreements	4,618	(920)
Loss on disposal of asset	146	1,370
Insurance proceeds from damaged property	-	(115,160)
(Increase) decrease in:		
Grants and allocations receivable	153,999	(133,313)
Accounts receivable	(964)	1,545
Prepaid expenses and other assets	(10,652)	(17,921)
(Decrease) increase in:		
Accounts payable and accrued expenses	26,924	(58,027)
Deferred revenue	13,905	(2,250)
Net cash provided by operating activities	$ 195,928	$ 195,338

See accompanying notes to consolidated financial statements.

For the Year Ended June 30, 2018

	Program Services		Support Services Management and General	
	2018	2017	2018	2017
Salaries and wages	$ 1,458,973	$ 1,396,727	$ 72,016	$ 53,849
Salaries - in-kind	42,465	45,330	545	-
Payroll taxes and employee benefits	311,992	289,589	12,442	5,311
Total salaries and related expenses	1,813,430	1,731,646	85,003	59,160
Advertising and promotion	17,212	3,361	161	-
Bad debt expense	-	-	-	-
Bank charges	35	13	36	137
Computer software and support	13,806	21,303	537	606
Direct assistance to individuals	875	10,360	-	-
Equipment rental and maintenance	24,988	27,834	1,194	2,870
Insurance	12,907	31,721	617	2,422
Licenses, dues and subscriptions	20,016	16,198	2,105	2,181
Mortgage interest	3,414	-	163	457
Occupancy	21,069	3,763	1,041	146
Operating supplies	19,510	13,387	542	606
Other	6,083	5,171	3,212	1,893
Payroll	603	628	26	21
Postage	4,212	4,785	197	162
Printing	-	9,140	-	-
Professional services	36,752	29,752	1,664	2,208
Property tax	-	-	-	-
Special events venue and other direct expenses	-	-	-	-
Staff training	1,105	406	36	-
Telephone	33,315	42,520	1,557	1,372
Travel	30,095	27,031	1,494	1,444
Total expenses before depreciation	2,059,427	1,979,019	99,585	75,685
Depreciation	40,240	22,946	1,922	918
Total functional expenses	$ 2,099,667	$ 2,001,965	$ 101,507	$ 76,603

See accompanying notes to consolidated financial statements.

Support Services					
Building		Fundraising		2018	2017
2018	2017	2018	2017	Totals	Totals
$ -	$ -	$ 65,551	$ 53,140	$ 1,596,540	$ 1,503,716
-	-	-	-	43,010	45,330
-	-	11,683	9,042	336,117	303,942
-	-	77,234	62,182	1,975,667	1,852,988
-	-	242	199	17,615	3,560
-	-	6,360	-	6,360	-
-	-	3,679	3,116	3,750	3,266
-	-	453	672	14,796	22,581
-	-	-	-	875	10,360
-	2,350	1,012	1,062	27,194	34,116
21,071	-	523	4,406	35,118	38,549
170	-	1,501	2,726	23,792	21,105
5,980	10,179	138	-	9,695	10,636
34,392	46,444	853	142	57,355	50,495
-	15	727	487	20,779	14,495
-	-	1,374	57	10,669	7,121
-	-	22	21	651	670
-	8	84	65	4,493	5,020
-	-	-	-	-	9,140
-	2,079	978	1,159	39,394	35,198
2,909	2,822	-	-	2,909	2,822
-	-	105,633	72,165	105,633	72,165
-	-	559	45	1,700	451
-	-	1,184	1,381	36,056	45,273
-	-	1,328	1,510	32,917	29,985
64,522	63,897	203,884	151,395	2,427,418	2,269,996
24,000	19,754	1,629	871	67,791	44,489
$ 88,522	$ 83,651	$ 205,513	$ 152,266	$ 2,495,209	$ 2,314,485

See accompanying notes to consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization and Nature of Activities

211 Palm Beach/Treasure Coast, Inc. ("211") is a non-profit corporation organized in November 1971 under the laws of the State of Florida. 211 provides information to the public about available health and human service resources, telephone counseling to individuals with personal or family problems, and services to special populations, such as older adults and adolescents. 415 Gator Drive, Inc., was formed in August 1999 to hold title to real property utilized by 211. The Board of Directors is the same for both organizations, and 211 utilizes a substantial portion of the real property of 415 Gator Drive, Inc. Therefore, the financial information for both organizations (the "Organization") is consolidated in these financial statements and all inter-company transactions have been eliminated.

Financial Statement Presentation

In accordance with FASB Accounting Standards Codification ("FASB ASC") Topic 958-205, *Presentation of Financial Statements*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Unrestricted Net Assets: This classification includes those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from an exchange transaction (except income and gains on assets restricted by donors or by law) are included in the unrestricted by class.

Temporarily Restricted Net Assets: This classification includes those net assets whose use by the Organization has been limited by donors to either a later period of time, or after a specified date, or for a specified purpose.

Permanently Restricted Net Assets: This classification includes those net assets subject to donor-imposed restrictions. Donor-imposed restrictions limit the Organization's use of the asset or its economic benefits do not expire with the passage of time nor can they be removed by the Organization meeting certain requirements. Generally, these assets must be maintained by the Organization in perpetuity. As of June 30, 2018, the Organization did not have any permanently restricted net assets.

Basis of Accounting

The Organization follows standards of accounting and financial reporting prescribed for voluntary health and welfare agencies. It uses the accrual basis of accounting, which recognizes revenue when earned, and expenses as incurred. Grants are recorded as support when performance occurs under the terms of the grant agreement.

1. Organization and Summary of Significant Accounting Policies, continued

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

FASB ASC Topic 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy under FASB ASC Topic 820-10 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

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.
- 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 the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

1. *Organization and Summary of Significant Accounting Policies, continued*

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. During the fiscal year, deposits were maintained in commercial bank checking accounts and money market accounts.

Grants and Allocations Receivable

Grants receivable are recognized as the reimbursable expense is incurred. Allocations receivable arise from various United Ways, all of which share a similar fiscal year as the Organization and are treated as promises to give. When there is conditional language within the allocation agreements, or there is an absence of clearly unconditional terms, income is recognized from such allocations as payments are received.

Grants and allocations receivable are considered to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Accounts Receivable

The Organization provides specific program related services for other agencies and records the income and receivable as the service is rendered. Management has evaluated the collectability of its accounts receivable and recorded an allowance for doubtful accounts of $6,000 for the year ending June 30, 2018.

Prepaid Expenses and Other Assets

Prepaid expense includes insurance premiums related to future coverage, and deposits for special events that are to be held subsequent to the date of the financial statements.

Split-Interest Agreements

211 has been named the remainder beneficiary of a charitable gift annuity held by a third-party financial institution. According to the terms of the annuity, the donor and the donor's spouse are to receive a fixed annual amount for their joint lives, with the remainder payable to 211. Split-interest agreements are recorded on the Consolidated Statement of Financial Position at fair value, with the change in fair value reported as part of the Organization's change in net assets in the Consolidated Statement of Activities.

Property and Equipment

Property and equipment in excess of $1,000 is recorded at cost, or if donated, at the estimated fair market value at the date of donation. Depreciation is computed using the straight-line method

1. Organization and Summary of Significant Accounting Policies, continued

over the estimated useful lives of the assets, which range from 3 – 25 years. Expenditures for repairs and maintenance are charged to expense as incurred. Major improvements are capitalized.

Contributions

Gifts of cash and other donated assets are reported as either permanently restricted or temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor 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 Consolidated Statement of Activities as net assets released from restriction. Furthermore, restricted contributions whose restrictions are met in the same reporting period may be reported as unrestricted contributions in the Consolidated Statement of Activities.

Deferred Revenue

Income and fees for special events yet to be held are deferred and recognized over the periods to which the income and fees relate.

Refundable Advances

The Organization occasionally receives cash advances from certain grants and contracts. These advances are deferred and recognized as support when the associated expenses are incurred and submitted for reimbursement. There are no refundable advances as of June 30, 2018.

Donated Goods and Services

Donated services are recognized as contributions in accordance with FASB ASC Topic 958-605-30, *Revenue Recognition*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. These services are reflected in the consolidated financial statements at their estimated fair market value at the date of receipt.

Volunteer services for the Resource Centers and Sunshine Services are an integral part of the Organization's programs and are recorded at values consistent with those amounts, which would be paid to salaried personnel for similar services. The Organization recorded approximately $43,000 in donated volunteer services for the year ended June 30, 2018, as gifts in-kind support and in-kind salaries in the period rendered.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and in the Consolidated Statement of

1. *Organization and Summary of Significant Accounting Policies, continued*

Functional Expenses. Accordingly, direct costs have been charged to the specific program or supporting service as incurred and non-direct costs have been allocated among the programs and supporting services benefited. Salaries and other related expenses are allocated based on studies of personnel

Occupancy and related costs are allocated based on studies of relative space utilization and the benefit provided.

Advertising

Advertising costs are expensed as incurred. Total advertising cost for the year ended June 30, 2018 was approximately $17,600.

Income Taxes

211 is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. 415 Gator Drive, Inc. is exempt under Section 501(c)(2), and files a consolidated tax return with 211 as an affiliate. Income from certain activities not directly related to 211's tax-exempt purpose is subject to taxation as unrelated business income. In addition, 211 qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Based upon an analysis of its net unrelated business income for the current year and the net operating loss carryovers available from earlier years, 211 does not believe there is any income tax owed for the period and there is no tax liability recognized in these consolidated financial statements.

The Organization has adopted FASB ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*. This pronouncement seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. The Organization assesses its income tax positions based on management's evaluation of the facts, circumstances and information available at the reporting date. The Organization uses the prescribed more likely than not threshold when making its assessment, and has not accrued any interest expense or penalties related to tax positions. In addition, there are currently no open Federal or State tax years under audit.

Prior Year Summarized Information

The consolidated 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2017, from which the summarized

1. Organization and Summary of Significant Accounting Policies, continued

information was derived. Certain reclassifications may have been made to the 2017 consolidated financial statements to conform to the current year presentation. Such reclassifications would have no effect on net assets as previously reported.

Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) recently issued several Accounting Standards Updates (ASU's) that affect the accounting and reporting of not-for-profit entities. The FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issue Costs (Topic 958),* to alter the reporting of debt issue costs, which is now reported net against the related liability, versus the previous guidance that capitalized and reflected such costs as an intangible asset. In 2017, the Organization retrospectively adopted the requirements in FASB ASC 835-30 to present debt issuance costs as a reduction of the carrying amount of the related debt rather than as an asset. ASU 2016-02, *Leases (Topic 842)*, does not take effect until the Organization's fiscal year ending June 2021, and provides new guidance for leases such that virtually all leases will be capitalized and create "right of use" assets along with associated liabilities. This standard will impact the interpretation of certain Organization transactions, and management is evaluating the effect that the updated standard will have on the financial statements. ASU 2016-14, *Not-for-Profit Entities (Topic 958)*, imposes new requirements for the presentation and disclosure of not-for-profit financial statements, including a reduction in the number of net asset categories from 3 classes to 2 classes, a requirement to present a statement of functional expenses, a requirement to disclose the quantitative and qualitative aspects of its liquidity, in addition to other provisions. This ASU will be effective for the Organization's fiscal period ending June 30, 2019, with early implementation permitted. As with the new guidance on leasing, management is evaluating the effect that this updated standard will have on the financial statements.

2. Program Services

The following is a description of the major programs of 211:

Resource Center
Palm Beach County - Provides information, assessment, referral, crisis intervention, counseling, and suicide intervention, via the telephone, known as the telephone number 2-1-1, and via chat 24 hours a day / 365 days a year. This is a toll free, confidential hot line, available to the residents of Palm Beach County.

Resource Center
Treasure Coast - Provides information, assessment, referral, crisis intervention, counseling, and suicide intervention, via the telephone, known as the telephone number 2-1-1, and via chat 24 hours a day / 365 days a year. This is a toll free,

2. Program Services, continued

confidential hot line, available to the residents of Indian River, Martin, St. Lucie and Okeechobee Counties.

Elder Crisis Outreach - Provides telephone and in-home crisis intervention services to individuals in Palm Beach County age 60 and over who are in emotional, financial and/or social distress. The goal is to intervene as early as possible to assist older adults in maintaining their independence.

Healthcare Advocacy - Provided assistance to vulnerable individuals and families within Palm Beach County to easily find and appropriately access community healthcare resources (physical and mental). This program terminated during the prior fiscal year ending June 30, 2017.

Special Needs - Provides parents and caregivers of children (birth to age 22) with special needs a method of finding healthcare options, financial assistance, support groups, educational information, respite and other services.

Sunshine Services - Provides daily telephone reassurance calls to elders and homebound individuals in Palm Beach, St. Lucie, Okeechobee, Indian River and Martin counties to check on their well-being and give them a friendly “hello.” Often times, the “sunshine call” is the only outside contact the client has all day.

Help Me Grow - This 211 program provides special information and advice to parents who are concerned about their child's physical and emotional development, behavior or learning.

Other programs - 211 also provides various programs that support the health and human service delivery system in Palm Beach County.

3. Receivables

In the course of providing its programs and activities, the Organization receives and records grants, contracts, United Way allocations and accounts receivable, all of which are due within one year.

3. Receivables, continued

The balance of the Organization's receivables consists of the following as of June 30, 2018:

Grants and allocations:		
Southeast Florida Behavioral Health Network	$	24,583
Children's Forum		24,461
National Suicide Prevention Lifeline		25,000
Martin County		2,625
Palm Beach County & ECO		3,215
Mental Health Collaborative of IRC, Inc.		3,166
Victim Services and Support		4,167
Children's Services Council – St. Lucie County		2,020
	$	89,237
Accounts receivable	$	15,447
Less allowance for doubtful accounts		6,000
	$	9,447

4. Fair Value Measurements

The following methods and assumptions were used by the Organization in estimating the fair value of assets that are measured at fair value on a recurring basis under FASB ASC Topic 820. There have been no changes in the methodologies used as of June 30, 2018.

- *Split-interest agreements* – Valued at the present value of estimated future cash flows, using the life expectancy of the income beneficiaries and discounted at a rate approximating current market rates.

The following methods and assumptions were used by the Organization in estimating the fair value of financial instruments that were not disclosed under FASB ASC Topic 820.

- *Cash and cash equivalents, receivables, accounts payable and accrued liabilities* – The carrying amount reported approximates their fair values due to their short-term nature.
- *Mortgage payable* – The recorded value approximates fair value, as the applicable interest rate approximates current market rates.

FASB ASC 825-10, *Financial Instruments,* permits entities to choose to measure financial assets and liabilities at fair value. Changes in fair value for assets and liabilities for which the election is made will be recognized in earnings as they occur. The Organization's split-interest agreement has been selected for this fair value election, using IRS annuity factors related to the donors' joint life expectancy and a 3.4% IRS Section 7520 rate. There have been no changes in the methodologies used as of June 30, 2018.

4. *Fair Value Measurements, continued*

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2018:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Split-interest agreements	$ -	$ -	$ 4,876	$ 4,876

Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the year ended June 30, 2018.

	Split-interest Agreements
Balance, beginning of year	$ 9,494
Issuances	-
Settlements	-
Change in present value	(4,618)
Balance, end of year	$ 4,876

FASB ASC 820 requires disclosure of quantitative information about the unobservable inputs used to measure Level 3 assets and liabilities. The following table provides information about Level 3 assets:

	Fair Value	Valuation Techniques	Unobservable Inputs
Split-interest agreements	$ 4,876	Discounted cash flows	Life expectancy, discount rate

5. *Property and Equipment*

Property and equipment consist of the following as of June 30, 2018:

Office furniture and equipment	$ 119,550
Computers and software	149,585
Buildings and improvements	647,499
Leasehold improvements	244,122
Land	160,000
	1,320,756
Less accumulated depreciation	747,654
	$ 573,102

Depreciation expense for the year ending June 30, 2018 was $67,792.

6. Leased Facilities

During the year ended June 30, 2018, the Organization leased a portion of approximately 60% (i.e. 9,000 square feet) of its facility to another nonprofit organization that is not related to the Organization. The lease is for three years and expires on September 30, 2019. Base rent is $3,713 per month for years one and two and $4,085 for year three of the lease. In addition to the base rent, the lessee pays a portion of operating expenses on a monthly basis. The Organization holds a refundable security deposit of $10,000.

The future minimum rental income, based on basic rent, is as follows for fiscal years ending:

June 30,	
2019	47,907
2020	12,255
Total	$ 60,162

Rental income, including operating expenses, for the year ending June 30, 2018 was $57,102.

7. Concentration and Credit Risk

At various times during the year, the Organization may have more funds on deposit at financial institutions than the $250,000 insured by the Federal Deposit Insurance Corporation and/or the National Credit Union Administration. Management believes its deposits are kept at high quality, regional banking and credit institutions. In Management's opinion, its cash balance does not represent unusual risk. As of June 30, 2018, there were $46,033 in uninsured cash balances.

The Organization receives the majority of its funding from public sources and is, therefore, dependent upon the availability of federal, state, and county grants and awards for its continued existence. The Organization currently receives approximately 10% of its cash funding from Palm Beach County, 9% from the Southeast Florida Behavioral Health Network, 15% collectively from four local Children's Services Councils, and approximately 22% collectively from six local United Way chapters. Any significant reduction in the level of one of the support sources described above, if it were to occur, could have a material effect on the Organization's programs and activities.

8. Employee Benefit Plans

Defined Contribution Plan

The Organization established a retirement plan under Section 403(b) of the Internal Revenue Code, effective January 1, 1995. Employees become eligible when they attain age 21 and work more than 1,000 hours during the year. During the year ended June 30, 2018, the Organization's employer match contribution was up to 1% of the employee's contribution to the plan. Total employer expense for the year ended June 30, 2018 was $11,055.

8. Employee Benefit Plans, continued

The Organization offered an executive employee selected by the Board of Directors a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan permits the Board of Directors to approve additional compensation for the executive employee and to defer it on their behalf under the plan. In addition, the executive employee may defer additional amounts through salary reduction agreements. Both the Organization's contributions and executive employee contributions are subject to statutory limits. All deferred compensation under the plan is not available to the covered employee until termination, retirement, death or an unforeseeable emergency. All amounts of compensation deferred under the plan, all property, and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the covered employee or other beneficiary) solely the property and rights of the Organization, subject to the claims of the Organization's creditors.

No contributions were made by the Organization and there was no plan balance as of and during the year ended June 30, 2018.

9. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods as of June 30, 2018:

Purpose restricted net assets:	
To support expenses for needy elderly persons	$ 3,518
Building and property improvements	1,619
Help Me Grow program	36,756
Volunteer coordinator	30,000
Telephone system upgrade	17,674
	89,567
Time restricted net assets:	
Split-interest agreements	4,876
	$ 94,443

10. Mortgage Payable and Line of Credit

Mortgage Payable

The mortgage for the property owned by 415 Gator Drive, Inc. was refinanced in July 2016. The principal amount of the mortgage was $250,000 payable over 15 years and matures in July 2031. Monthly payments are $1,849.63 at an interest rate of 4.0%, which approximates the effective interest rate, for the first 60 months. The scheduled payment amount may then change and change every 60 payments thereafter. The mortgage is collateralized by the property at 415 Gator Drive, Inc. together with future rents and leases. The balance of the mortgage payable as of June 30, 2018 was $225,764. The closing costs of $6,114 are being amortized over the fifteen years. Current amortization expense was $408 and is reported as part of interest expense in the Consolidated Statement of Activities.

10. Mortgage Payable and Line of Credit, continued

Future maturities of the mortgage payable for years ending June 30 are approximately:

2019	$ 13,410
2020	13,956
2021	14,525
2022	15,116
2023	15,732
Thereafter	153,025
	225,764
Less debt issuance costs, net	5,325
	220,439
Less current portion of mortgage payable	13,410
Long-term mortgage payable	$ 207,029

Revolving Line of Credit

The Organization has a $100,000 working capital revolving line of credit secured by the real estate, and payable at an initial rate of 4.0%. The line of credit was unused as of June 30, 2018.

11. Commitments and Contingencies

Leased Office Equipment

The Organization leases office equipment (including service) under a non-cancellable operating lease which expires in March 2020. The following schedule details the future minimum rental payments required under the above non-cancellable operating lease for periods ending June 30:

2019	$ 15,600
2020	11,700
	$ 27,300

Lease expense for the year ending June 30, 2018 was $15,226 and is included in equipment rental and maintenance on the Consolidated Statement of Functional Expenses.

Compliance Audits

Financial awards from federal, state, and local governmental entities, in the form of grants, are subject to special audit. Such audits could result in claims against the Organization for disallowed

11. Commitments and Contingencies, continued

costs or noncompliance with grantor restrictions. Management is not aware of any instances of material noncompliance and does not believe the Organization owes any funds with respect to disallowed costs or noncompliance with grantor restrictions. Accordingly, no provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

12. Subsequent Event

Date of Management Evaluation

Management has assessed subsequent events through December 3, 2018, the date the consolidated financial statements were available to be issued and has determined there were no events to disclose in these consolidated financial statements

Holyfield & Thomas, LLC
Certified Public Accountants & Advisors
125 Butler Street • West Palm Beach, FL 33407
(561) 689-6000 • Fax (561) 689-6001 • www.holyfieldandthomas.com

INDEPENDENT AUDITOR'S 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 of
211 Palm Beach/Treasure Coast, Inc.
Lantana, 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 *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of 211 Palm Beach/Treasure Coast, Inc. (a non-profit organization), which comprise the consolidated statement of financial position as of June 30, 2018 and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, the related notes to the consolidated financial statements. We have issued our report thereon dated December 3, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered 211 Palm Beach/Treasure Coast, Inc.'s (the "Organization") 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of 211 Palm Beach/Treasure Coast, Inc.'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.

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 211 Palm Beach/Treasure Coast, Inc.'s consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 results 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 *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Holyfield & Thomas, LLC

West Palm Beach, Florida
December 3, 2018

SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2018

	Resource Center	Treasure Coast Resource Cntr	Elder Crisis Outreach	Healthcare Advocacy	Special Needs	Sunshine Services	Help Me Grow	Totals
Salaries and wages	$ 687,677	$ 285,753	$ 133,661	$ -	$ 56,534	$ 61,395	$ 233,953	$ 1,458,973
Salaries - in-kind	620	-	-	-	625	41,220	-	42,465
Payroll taxes and employee benefits	148,208	60,022	29,901	-	13,472	8,274	52,115	311,992
Total salaries and related expenses	836,505	345,775	163,562	-	70,631	110,889	286,068	1,813,430
Advertising and promotion	11,859	3,852	68	-	582	704	147	17,212
Bank charges	35	-	-	-	-	-	-	35
Computer software and support	7,817	1,959	709	-	729	799	1,793	13,806
Direct assistance to individuals	-	-	875	-	-	-	-	875
Equipment rental and maintenance	13,504	4,479	960	-	949	1,104	3,992	24,988
Insurance	6,311	2,314	1,160	-	490	570	2,062	12,907
Licenses, dues and subscriptions	10,359	3,430	304	-	85	437	5,401	20,016
Mortgage interest	1,669	612	307	-	130	151	545	3,414
Occupancy	10,302	3,776	1,894	-	800	931	3,366	21,069
Operating supplies	7,804	2,876	1,131	-	465	690	6,544	19,510
Other	2,874	468	83	-	162	540	1,956	6,083
Payroll	321	99	50	-	21	24	88	603
Postage	1,617	593	297	-	126	946	633	4,212
Professional services	20,454	5,667	2,769	-	1,206	1,631	5,025	36,752
Staff training	859	82	54	-	17	20	73	1,105
Telephone	17,517	6,641	1,570	-	1,111	1,195	5,281	33,315
Travel	7,186	8,667	1,459	-	674	579	11,530	30,095
Total expenses before depreciation	956,993	391,290	177,252	-	78,178	121,210	334,504	2,059,427
Depreciation	19,676	7,212	3,617	-	1,528	1,778	6,429	40,240
Total functional expenses	$ 976,669	$ 398,502	$ 180,869	$ -	$ 79,706	$ 122,988	$ 340,933	$ 2,099,667

See independent auditor's report.

211 PALM BEACH/TREASURE COAST, INC.

CONSOLIDATED SCHEDULE OF PROGRAM EXPENSES

For the Year Ended June 30, 2017

	Resource Center	Treasure Coast Resource Cntr	Elder Crisis Outreach	Healthcare Advocacy	Special Needs	Sunshine Services	Help Me Grow	Totals
Salaries and wages	$ 692,281	$ 232,822	$ 128,944	$ 12,838	$ 54,773	$ 59,266	$ 215,803	$ 1,396,727
Salaries - in-kind	1,280	-	-	-	-	44,050	-	45,330
Payroll taxes and employee benefits	147,184	49,960	29,130	1,544	11,051	7,625	43,095	289,589
Total salaries and related expenses	840,745	282,782	158,074	14,382	65,824	110,941	258,898	1,731,646
Advertising and promotion	1,326	825	-	-	603	-	607	3,361
Bank charges	-	-	-	-	-	13	-	13
Computer software and support	13,590	2,842	1,601	91	857	719	1,603	21,303
Direct assistance to individuals	-	-	9,248	-	1,112	-	-	10,360
Equipment rental and maintenance	15,418	6,145	2,505	279	1,345	1,128	1,014	27,834
Insurance	17,937	5,648	3,168	562	1,705	1,433	1,268	31,721
Licenses, dues and subscriptions	7,263	2,283	669	28	216	624	5,115	16,198
Mortgage interest	-	-	-	-	-	-	-	-
Occupancy	1,929	613	340	15	182	152	532	3,763
Operating supplies	5,745	1,870	1,151	88	532	597	3,404	13,387
Other	2,009	451	262	15	123	981	1,330	5,171
Payroll	358	86	49	4	26	22	83	628
Postage	1,212	332	277	28	193	1,319	1,424	4,785
Printing	9,140	-	-	-	-	-	-	9,140
Professional services	15,569	4,608	2,563	314	1,376	1,260	4,062	29,752
Staff training	406	-	-	-	-	-	-	406
Telephone	19,390	7,121	3,257	362	1,748	2,863	7,779	42,520
Travel	7,616	5,658	1,854	159	675	508	10,561	27,031
Total expenses before depreciation	959,653	321,264	185,018	16,327	76,517	122,560	297,680	1,979,019
Depreciation	11,598	3,656	2,098	-	1,120	937	3,537	22,946
Total functional expenses	$ 971,251	$ 324,920	$ 187,116	$ 16,327	$ 77,637	$ 123,497	$ 301,217	$ 2,001,965

See independent auditor's report.