

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**

Financial Statements

June 30, 2018 and 2017

Robbins and Moroney, P.A.
Certified Public Accountants

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Robbins and Moroney, P.A.
Certified Public Accountants

Accounting and Auditing
Taxation and Consulting

222 Southeast Tenth Street
Fort Lauderdale, Florida 33316

Telephone: (954) 467-3100
Facsimile: (954) 467-2080

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Child Care Center of Delray Beach, Inc.
d/b/a Achievement Centers for Children and Families

We have audited the accompanying financial statements of Community Child Care Center of Delray Beach, Inc. d/b/a Achievement Centers for Children and Families (a non-profit organization), which comprise the statements of financial position as of June 30, 2018 and 2017 and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Child Care Center of Delray Beach, Inc. d/b/a Achievement Centers for Children and Families as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2018, on our consideration of Community Child Care Center of Delray Beach, Inc. d/b/a Achievement Centers for Children and Families 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 Community Child Care Center of Delray Beach, Inc. d/b/a Achievement Centers for Children and Families internal control over financial reporting and compliance.

ROBBINS and MORONEY, P.A.
Certified Public Accountants

Robbins and Moroney, P.A.

Fort Lauderdale, Florida
September 27, 2018

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**

Statements of Financial Position
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash	\$ 525,540	\$ 515,002
Due from Foundation	305,508	360,000
Pledges, Grants and Other Receivables	415,576	305,994
Prepaid Expenses	41,161	43,519
Investments	812,489	748,734
Charitable Remainder Trust	55,448	57,229
Property and Equipment	2,832,613	3,007,357
Beneficial Interest in Assets Held by Others	<u>1,670,575</u>	<u>1,670,575</u>
Total Assets	<u>\$ 6,658,910</u>	<u>\$ 6,708,410</u>
Liabilities		
Accounts Payable and Accrued Expenses	\$ 253,491	\$ 317,274
Deferred Employee and Compensation Benefit	<u>62,156</u>	<u>44,984</u>
Total Liabilities	<u>315,647</u>	<u>362,258</u>
Net Assets		
Unrestricted		
Working Capital	1,629,960	1,453,909
Board Designated for Investments for Long Term Purposes	1,112,912	1,112,912
Board Designated Capital Improvements	176,904	176,904
Invested in Property and Equipment	<u>2,832,613</u>	<u>3,007,357</u>
Total Unrestricted	5,752,389	5,751,082
Temporarily Restricted	33,211	37,407
Permanently Restricted	<u>557,663</u>	<u>557,663</u>
Total Net Assets	<u>6,343,263</u>	<u>6,346,152</u>
Total Liabilities and Net Assets	<u>\$ 6,658,910</u>	<u>\$ 6,708,410</u>

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

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**

Statements of Activities
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Unrestricted Net Assets		
Public Support and Revenue		
Public Support		
Grants and Contributions	\$ 2,236,750	\$ 2,006,947
Net Assets Released from Restrictions	<u>182,486</u>	<u>273,708</u>
Total Public Support	<u>2,419,236</u>	<u>2,280,655</u>
Revenue		
Parent Fees	545,794	552,128
Subsidized Child Care	951,203	1,052,764
Head Start	205,620	190,463
Palm Beach County Summer Scholarships	284,520	369,000
Subsidized Food	315,934	270,395
Other Income	24,000	24,000
Change in Value of Charitable Remainder Trust	(1,781)	(2,568)
Investment Income	<u>31,048</u>	<u>49,588</u>
Total Revenue	<u>2,356,338</u>	<u>2,505,770</u>
Total Public Support and Revenue	<u>4,775,574</u>	<u>4,786,425</u>
Expenses		
Program	4,095,415	4,097,764
General and Administrative	<u>678,852</u>	<u>684,855</u>
Total Expenses	<u>4,774,267</u>	<u>4,782,619</u>
Change in Unrestricted Net Assets	<u>1,307</u>	<u>3,806</u>
Temporarily Restricted Net Assets		
Grants and Contributions	178,290	25,000
Net Assets Released from Restrictions	<u>(182,486)</u>	<u>(273,708)</u>
Change in Temporarily Restricted Net Assets	<u>(4,196)</u>	<u>(248,708)</u>
Change in Net Assets	(2,889)	(244,902)
Net Assets, Beginning of Year	<u>6,346,152</u>	<u>6,591,054</u>
Net Assets, End of Year	<u>\$ 6,343,263</u>	<u>\$ 6,346,152</u>

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

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**

Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (2,889)	\$ (244,902)
Adjustments to Reconcile Change in Net Assets from Operating Activities:		
Depreciation	292,010	287,594
Bad Debt	11,917	
Unrealized Gain on Investments	(1,012)	(22,659)
Realized Gain on Investments	(12,059)	(8,513)
Change in Value of Charitable Remainder Trust	1,781	2,568
Changes in Assets and Liabilities:		
(Increase) Decrease in Pledges and Grants Receivable	(121,499)	274,179
(Increase) Decrease in Due from Foundation	54,492	(160,000)
Decrease in Prepaid Expenses	2,358	11,501
Decrease in Restricted Cash		23,374
Increase (Decrease) in Accounts Payable and Accrued Expenses	(63,783)	28,688
Increase in Deferred Employee & Compensation Benefit	<u>17,172</u>	<u>17,459</u>
Net Cash Flows from Operating Activities	<u>178,488</u>	<u>209,289</u>
Cash Flows from Investing Activities:		
Sale of Investments	90,387	161,372
Purchase of Investments	(141,071)	(180,451)
Purchases of Property and Equipment	<u>(117,266)</u>	<u>(107,097)</u>
Net Cash Flows from Investing Activities	<u>(167,950)</u>	<u>(126,176)</u>
Net Change in Cash	10,538	83,113
Cash and Cash Equivalents, Beginning of the Year	<u>515,002</u>	<u>431,889</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 525,540</u>	<u>\$ 515,002</u>

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

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**

Statements of Functional Expenses
For the Years Ended June 30, 2018 and 2017

	2018		
	Program	General and Administrative	Total
Salaries and Benefits	\$ 2,918,361	\$ 489,347	\$ 3,407,708
Food Expense	274,431		274,431
Occupancy Cost	203,354	24,240	227,594
Insurance	110,961	12,192	123,153
Professional Fees	61,458	37,580	99,038
Computer Services	1,393	14,083	15,476
Program Supplies	29,316		29,316
Paper Supplies	23,529		23,529
Sponsored Events	21,582		21,582
Vehicle	12,218		12,218
Telephone	17,298	17,298	34,596
Office Supplies and Printing	20,496	8,785	29,281
Travel and Conferences	1,225	21,370	22,595
Taxes and Licenses	13,171	3,028	16,199
Grant Funded Projects	71,519		71,519
Community Relations	40,265		40,265
Miscellaneous	11,737	3,301	15,038
Depreciation	263,101	28,909	292,010
Bank Fees		6,802	6,802
Bad Debt		11,917	11,917
	<u>\$ 4,095,415</u>	<u>\$ 678,852</u>	<u>\$ 4,774,267</u>

	2017		
	Program	General and Administrative	Total
Salaries and Benefits	\$ 2,928,532	\$ 480,305	\$ 3,408,837
Food Expense	261,095		261,095
Occupancy Cost	201,403	23,878	225,281
Insurance	118,959	13,071	132,030
Professional Fees		55,657	55,657
Computer Services	2,164	21,882	24,046
Program Supplies	45,613		45,613
Paper Supplies	31,554		31,554
Sponsored Events	34,978		34,978
Vehicle	7,502		7,502
Telephone	17,879	17,878	35,757
Office Supplies and Printing	23,514	16,532	40,046
Travel and Conferences	1,689	16,099	17,788
Taxes and Licenses	13,489	3,103	16,592
Grant Funded Projects	97,443		97,443
Community Relations	26,520		26,520
Miscellaneous	26,308	714	27,022
Depreciation	259,122	28,472	287,594
Bank Fees		7,264	7,264
	<u>\$ 4,097,764</u>	<u>\$ 684,855</u>	<u>\$ 4,782,619</u>

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

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**
Notes to Financial Statements
June 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Nature of Activities: The Community Child Care Center of Delray Beach, Inc. d/b/a Achievement Centers for Children and Families (the Center), is a not-for-profit corporation organized under the laws of the State of Florida for the general purpose of providing quality pre-school education and family services to children of low income working parents and those children referred by the Department of Children and Families of the State of Florida.

The Center is located in Delray Beach, Florida and provides child care and other services to children from the ages of one through fifteen and their families. The Center is accredited by the National Association for the Education of Young Children.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

Date of Management's Review: In preparing the financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through September 27, 2018, the date that the financial statements were issued.

Financial Statement Presentation: Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted - Includes amounts which have no external restrictions and which are available for support of current operations.

Temporarily Restricted - Includes amounts which have donor-restrictions that can be fulfilled by actions of the Center pursuant to those restrictions or restrictions that expire by the passage of time.

Permanently Restricted - Includes amounts which have donor-restrictions that stipulate that resources be maintained permanently.

Contributions: Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Time-restricted and purpose-restricted contributions are required to be reported as temporarily restricted support, unless the donor expressly stipulates otherwise. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Cash Equivalents: For purposes of the statement of cash flows, the Center considers all cash in banks and investments purchased with an original maturity of three months or less to be cash equivalents.

COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES
Notes to Financial Statements
June 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair market value in the statements of financial position. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

Fair Value of Financial Instruments: Cash equivalents, pledges, grants and other receivables, prepaid expenses, accounts payable and accrued expenses, and deferred employee and compensation benefit are reflected in the financial statements at cost which approximates fair value because of their short-term nature.

Property and Equipment: Donated property and equipment are recorded at fair market value at the date of donation. Purchased property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Maintenance and minor repairs are charged to expense when incurred. Additions and major renewals are capitalized. The cost and accumulated depreciation of assets sold or retired is removed from the respective accounts and any gain or loss is reflected in income.

<u>Assets</u>	<u>Useful Lives</u>
Buildings and Improvements	30 Years
Furniture and Equipment	5-10 Years
Vehicles	5 Years

Income Taxes: As a non-profit corporation under Internal Revenue Code Section 501(c)(3), the Center is exempt from income tax on income related to its exempt function. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Center has not incurred any interest or penalties on its income tax returns.

The Center's tax returns are subject to possible examination by the taxing authorities. For Federal income tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the programs and supporting services benefited.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donated Land: The City of Delray Beach donated some of the land upon which the Center is located. The Center holds title to this land with the restriction that should the property cease to be used in connection with a child care center, the title will revert back to the City of Delray Beach.

COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES
Notes to Financial Statements
June 30, 2018 and 2017

2. INVESTMENTS

The aggregate carrying amount of investments at June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Mutual Funds	\$ 62,156	\$ 44,985
Equities	280,444	310,643
Fixed Income	469,889	393,106
	<u>\$ 812,489</u>	<u>\$ 748,734</u>
Investment return is as follows:		
Interest and Dividends	\$ 21,123	\$ 21,334
Net Realized Gains	12,059	8,513
Net Unrealized Gains	1,012	22,659
Investment Fees	(3,146)	(2,918)
	<u>\$ 31,048</u>	<u>\$ 49,588</u>

3. PLEDGES, GRANTS, AND OTHER RECEIVABLES

At June 30, 2018 and 2017, pledges, grants and other receivables consisted of:

	<u>2018</u>	<u>2017</u>
Pledges and Grants	\$ 406,374	\$ 296,214
Other	9,202	9,780
	<u>\$ 415,576</u>	<u>\$ 305,994</u>

Pledges, grants and other receivables at June 30, 2018, were scheduled to be collected within one year.

4. PROPERTY AND EQUIPMENT

At June 30, 2018 and 2017, property and equipment consisted of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 374,068	\$ 374,068
Vehicles	266,298	266,298
Building and Improvements	5,290,203	5,214,955
Furniture and Equipment	1,130,667	1,202,812
	<u>7,061,236</u>	<u>7,058,133</u>
Less: Accumulated Depreciation	(4,228,623)	(4,050,776)
Net Book Value	<u>\$ 2,832,613</u>	<u>\$ 3,007,357</u>

5. RETIREMENT PLAN

Effective January 1, 2017, the Center established a Section 401(k) retirement plan. Eligible employees must be at least 21 years old, work 1,000 hours for a period of twelve consecutive months, and have completed 1 year of service. The Center makes matching contributions in an amount equal to the employee's contribution not to exceed 3% of the employee's salary.

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**

Notes to Financial Statements
June 30, 2018 and 2017

5. RETIREMENT PLAN (continued)

During the years ended June 30, 2018 and 2017, the Center contributed \$33,858 and \$14,305 respectively to the plan.

Prior to the 401(k) plan the Center sponsored a non-contributory 403(b) retirement plan in which regular full-time employees upon completion of a satisfactory introductory period, were eligible to participate.

6. RESTRICTIONS ON ASSETS

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

	<u>2018</u>	<u>2017</u>
Programs	\$ 33,211	\$ 37,407

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2018</u>	<u>2017</u>
Capital Expenses	\$	\$ 23,374
Programs	182,486	250,334
	<u>\$ 182,486</u>	<u>\$ 273,708</u>

7. FAIR VALUE MEASUREMENTS

Accounting Standards Codification 820 (ASC 820), Fair Value Measurements, establishes a framework for measuring fair value. That 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 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy under ASC 820 are described below:

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

COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES
Notes to Financial Statements
June 30, 2018 and 2017

7. FAIR VALUE MEASUREMENTS (continued)

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.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis:

Mutual Funds, Equities and Fixed Income: Valued at closing price reported on the active market on which the individual securities are traded.

Charitable Remainder Trust: Valued at the net present value of future cash flows using a 3.4% and 2.4% discount rate for 2018 and 2017, respectively, based on the fair market value of the trust principal as of June 30, 2018 and 2017.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Center's assets at fair value as of June 30, 2018 and 2017:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>June 30, 2018</u>				
Assets				
Investments:				
Mutual Funds	\$ 62,156	\$ 62,156	\$	\$
Equities	280,444	280,444		
Fixed Income	469,889	469,889		
Charitable Remainder Trust	55,448			55,448
Total Assets	<u>\$ 867,937</u>	<u>\$ 812,489</u>	<u>\$</u>	<u>\$ 55,448</u>
<u>June 30, 2017</u>				
Assets				
Investments:				
Mutual Funds	\$ 44,985	\$ 44,985	\$	\$
Equities	310,643	310,643		
Fixed Income	393,106	393,106		
Charitable Remainder Trust	57,229			57,229
Total Assets	<u>\$ 805,963</u>	<u>\$ 748,734</u>	<u>\$</u>	<u>\$ 57,229</u>

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**
Notes to Financial Statements
June 30, 2018 and 2017

7. FAIR VALUE MEASUREMENTS (continued)

Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of the Center's Level 3 assets and liabilities for the years ended June 30, 2018 and 2017.

	Charitable Remainder Trust
Balance – June 30, 2016	\$ 59,796
Change in Present Value Discount	<u>(2,567)</u>
Balance – June 30, 2017	57,229
Change in Present Value Discount	<u>(1,781)</u>
Balance – June 30, 2018	<u>\$ 55,448</u>

8. RELATED PARTY TRANSACTIONS

During 2001, a separate entity, Community Child Care Center of Delray Beach Foundation, Inc. (the Foundation), was established for the purpose of raising funds for the Center. The Center requests distributions from the Foundation as needed.

In prior years, the Center, specifying itself as the beneficiary and granting no variance power over distributions, transferred \$1,670,575 of its endowment funds to the Foundation. These transfers have been reported as Beneficial Interest in Assets Held by Others in the accompanying statements of financial position, with \$557,663 reported as permanently restricted net assets and \$1,112,912 reported as board designated for investments for long term purposes.

Foundation contributions to the Center were \$1,826,335 and \$1,891,053 for the years ended June 30, 2018 and 2017, respectively, and are included in grants and contributions in the accompanying statements of activities. As of June 30, 2018 and 2017, the amount of contributions due from the Foundation was \$305,508 and \$360,000, respectively.

On July 1, 2008, the Center entered into a lease agreement with the Foundation for office space owned by the Center. In accordance with the lease agreement, the Foundation paid \$24,000 to the Center during the fiscal years 2018 and 2017.

On October 18, 2012, a separate entity, Pechter Community Foundation, Inc., a Florida not-for-profit corporation was formed for the purpose of supporting the Community Child Care Center of Delray Beach Foundation, Inc. and the Center. The Pechter Community Foundation, Inc. is related to the Center through some common board members. Pechter Foundation contributions to the Center totaling \$110,000 and \$100,000 for the years ended June 30, 2018 and 2017 respectively, are included in contributions on the accompanying statements of activities.

9. SUBSIDIZED CHILD CARE REIMBURSEMENTS

The Center contracts with Early Learning Coalition, a not-for-profit corporation, on an annually renewable basis to provide child care for children of families who meet the eligibility and enrollment requirements of the Florida Partnership for School Readiness. The Center receives reimbursement based on a fixed rate per day for each eligible child receiving day care services. These funds are a combination of state and local funds passed through the Florida Partnership for School Readiness and Early Learning Coalition to the Center.

For the years ended June 30, 2018 and 2017, the Center received subsidized child care reimbursements from Early Learning Center totaling \$951,203 and \$1,052,764, respectively.

10. FOOD REIMBURSEMENTS

The Center has an annually renewable agreement with the State of Florida to operate and administer the federal Child Care Food Program. Eligible children receive free meals, which consist of breakfast, lunch and a snack. The center receives reimbursement for each meal served on a fixed rate per meal. These funds are restricted for payment of food program costs.

For the years ended June 30, 2018 and 2017, the Center received food reimbursements from the state of Florida totaling \$315,934 and \$270,392, respectively.

11. HEAD START PROGRAM

The Center has entered into an annually renewable contract with Palm Beach County to operate and administer the federal Head Start Program at the Center. Under this agreement the Center is to provide child care for children of families who meet the eligibility and enrollment requirements. The Center receives reimbursement based on a fixed rate per day for each eligible child receiving day care services.

For the years ended June 30, 2018 and 2017, the Center received child care service fees totaling \$205,620 and \$190,463 respectively.

12. PALM BEACH COUNTY SUMMER SCHOLARSHIPS

The Center has entered into an annually renewable contract with Palm Beach County Division of Human Services to operate and administer the Summer Camp Program. Under this agreement the center is to provide child care for children of families who meet the eligibility and enrollment requirements. The Center receives reimbursement based on a fixed rate per week for each eligible child receiving services.

For the years ended June 30, 2018 and 2017, the Center earned child care service fees totaling \$284,520 and \$369,000, respectively.

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**

Notes to Financial Statements
June 30, 2018 and 2017

13. COMMITMENTS

Effective September 1, 2005, the Center established a deferred compensation plan under section 457b of the Internal Revenue Code for its Chief Executive Officer (CEO). The plan requires non-elective employer deferrals and, effective March 1, 2017, elective deferrals of the maximum allowed by the Internal Revenue Service per year. Upon the CEO's death, disability or retirement, the Center will provide her with a benefit equal to the amount of its contributions. The benefits are adjusted for actual investment returns and losses. The accumulated benefit in the plan for the current CEO as of June 30, 2018 and 2017 is \$62,156 and \$44,984, respectively. Annual contributions made by the Center, for the current CEO, under these plans totaled \$11,621 and \$15,501 for the years ended June 30, 2018 and 2017, respectively.

The Center leases office equipment under a lease agreement that expires in September 2020. Total rent expense pertaining to this lease for the years ended June 30, 2018 and 2017 is \$7,968. Future minimum lease payments under the terms existing at June 30, 2018 are as follows:

Year ending June 30,	2019	\$	7,968
	2020		1,992
		\$	<u>9,960</u>

14. CONCENTRATIONS AND CREDIT RISK

Financial instruments which potentially subject the Center to concentrations of credit risk consist principally of cash equivalents, investments and unsecured pledges, grants and other receivables. The Center's ability to collect these receivables is dependent upon economic conditions and the financial condition of its customers. The Center has not experienced significant losses related to receivables from individual customers or groups of customers. Management believes no additional credit risk beyond amounts provided for collection losses is inherent in the Center's contract receivables.

The Center's investments are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

At June 30, 2018, the Center had approximately \$515,000 in cash, of which \$430,000 was in excess of federally insured limits.

In the normal course of activities, the Center receives grants and contracts from various government agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management of the Center believes that the liability, if any, for any reimbursement which may arise as a result of audits would not be material.

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**

Notes to Financial Statements
June 30, 2018 and 2017

15. CHARITABLE REMAINDER TRUSTS

The Center is one of five not-for-profit organizations that have been named as beneficiaries of a charitable remainder annuity trust. A charitable remainder annuity trust is an arrangement in which a donor establishes and funds a trust with specified distributions to be made to a designated beneficiary or beneficiaries over the trust's term. Upon termination of the trust, the not-for-profit organization(s) receive the assets remaining in the trust.

Trust 1 - The assets held by the trust are administered by a third party and had a fair market value of \$4,896,498 and \$4,572,280 at June 30, 2018 and 2017, respectively. The donor of the trust is deceased; however, according to the terms of the trust, quarterly distributions shall be made to ten individual beneficiaries during their lifetimes. The five not-for-profit organizations, including the Center, also receive quarterly distributions over the trust's term. Upon the death of the last surviving individual beneficiary, all of the then principal and income shall be divided equally among the five charities.

During the years ended June 30, 2018 and 2017, the Center received distributions in the amount of \$16,025.

The present value of the estimated future benefits to be received by the Center when the trust assets are distributed has not been recorded in the accompanying financial statements because all the information necessary to determine that amount is not available.

Trust 2 – The Center is one of several not-for-profit organizations that have been named as beneficiaries of a charitable remainder unitrust. A charitable remainder unitrust is an arrangement in which a donor establishes and funds a trust with specified distributions to be made to a designated beneficiary or beneficiaries over the trust's term. Upon termination of the trust, the not-for-profit organization(s) receive the assets remaining in the trust.

The trust was established on March 20, 2007 with a fifteen (15) year term. Upon the expiration of the trust term, the Center will receive twenty percent of the trust's remaining assets. A non-current asset for the charitable remainder unitrust has been recognized at the present value of the expected future cash flow payments discounted at a rate of 3.4% and 2.4% as of June 30, 2018 and 2017, respectively. The expected future cash flow of \$55,448 and \$57,229 is based on the approximate fair market value of the trust principal at June 30, 2018 and 2017, respectively.

16. DONOR DESIGNATED ENDOWMENTS (UPMIFA STATE)

Accounting Standards Codification 958 (ASC 958), "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for all Endowment Funds" provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). ASC 958 also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA.

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**

Notes to Financial Statements
June 30, 2018 and 2017

16. DONOR DESIGNATED ENDOWMENTS (UPMIFA STATE) (continued)

The State of Florida enacted the "Florida Uniform Prudent Management of Institutional Funds Act" (FUPMIFA) effective July 1, 2012, the provisions of which apply to endowment funds existing on or established after that date. The Board of Trustees has determined that the Center's permanently restricted net assets meet the definition of endowment funds FUPMIFA.

The Board of Trustee of the Center has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Center and (7) the Center's investment policies.

Endowment Investment and Spending Policies: The Center has adopted investment and spending policies, approved by the Governing Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Center's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center targets a diversified asset allocation that places an emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

Endowment net asset composition by type of fund as of June 30, 2018 and 2017 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Donor-Restricted Endowment Funds	\$	\$	\$ 557,663	\$ 557,663
Board Designated Endowment Funds	<u>1,112,912</u>			<u>1,112,912</u>
Total Funds	<u>\$ 1,112,912</u>	<u>\$</u>	<u>\$ 557,663</u>	<u>\$ 1,670,575</u>

Robbins and Moroney, P.A.
Certified Public Accountants

Accounting and Auditing
Taxation and Consulting

222 Southeast Tenth Street
Fort Lauderdale, Florida 33316

Telephone: (954) 467-3100
Facsimile: (954) 467-2080

**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**

Board of Directors
Community Child Care Center of Delray Beach, Inc.
d/b/a Achievement Center's for Children and Families

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 financial statements of Community Child Care Center of Delray Beach, Inc. d/b/a Achievement Center's for Children and Families (the Center) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Center's internal control over financial reporting (internal control) 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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

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 over financial reporting 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 Center's financial statements are free of 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*.

**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
(Continued)**

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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ROBBINS and MORONEY, P.A.
Certified Public Accountants

Robbins and Moroney, P.A.

Fort Lauderdale, Florida
September 27, 2018