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

Financial Statements

June 30, 2019 and 2018

Robbins and Moroney, P.A.
Certified Public Accountants

CONTENTS

	Page
Independent Auditor's Report	1 – 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6
Notes to Financial Statements	7 – 16
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	17 – 18

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, 2019 and 2018 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, 2019 and 2018, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 24, 2019, 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
October 24, 2019

COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES
Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
Assets		
Cash	$ 848,492	$ 525,540
Due from Foundation		305,508
Pledges, Grants and Other Receivables	392,062	415,576
Prepaid Expenses	43,303	41,161
Investments	869,454	812,489
Charitable Remainder Trust	43,492	55,448
Property and Equipment	2,849,753	2,832,613
Beneficial Interest in Assets Held by Others	1,670,575	1,670,575
Total Assets	$ 6,717,131	$ 6,658,910
Liabilities		
Accounts Payable and Accrued Expenses	$ 246,970	$ 253,491
Deferred Employee and Compensation Benefit	76,043	62,156
Total Liabilities	323,013	315,647
Net Assets		
Net Assets Without Restrictions		
Working Capital	1,652,748	1,629,960
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	2,849,753	2,832,613
Total Net Assets Without Restrictions	5,792,317	5,752,389
Net Assets With Restrictions		
Restricted by Purpose or Time	44,138	33,211
Restricted in Perpetuity	557,663	557,663
Total Net Assets With Restrictions	601,801	590,874
Total Net Assets	6,394,118	6,343,263
Total Liabilities and Net Assets	$ 6,717,131	$ 6,658,910

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, 2019 and 2018

	2019	2018
Net Assets Without Restrictions		
Public Support and Revenue		
Public Support		
Grants and Contributions	$ 2,143,351	$ 2,236,750
Net Assets Released from Restrictions	313,873	182,486
Total Public Support	2,457,224	2,419,236
Revenue		
Parent Fees	542,274	545,794
Subsidized Child Care	963,023	951,203
Head Start	210,843	205,620
Palm Beach County Summer Scholarships	271,620	284,520
Subsidized Food	360,368	315,934
Other Income	24,000	24,000
Change in Value of Charitable Remainder Trust	(11,956)	(1,781)
Investment Income	44,988	31,048
Total Revenue	2,405,160	2,356,338
Total Public Support and Revenue	4,862,384	4,775,574
Expenses		
Program	4,131,931	4,095,415
General and Administrative	690,525	678,852
Total Expenses	4,822,456	4,774,267
Change in Net Assets Without Restrictions	39,928	1,307
Net Assets With Restrictions		
Grants and Contributions	324,800	178,290
Net Assets Released from Restrictions	(313,873)	(182,486)
Change in Net Assets With Restrictions	10,927	(4,196)
Change in Net Assets	50,855	(2,889)
Net Assets, Beginning of Year	6,343,263	6,346,152
Net Assets, End of Year	$ 6,394,118	$ 6,343,263

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, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities:		
Change in Net Assets	$ 50,855	$ (2,889)
Adjustments to Reconcile Change in Net Assets from Operating Activities:		
Depreciation	260,699	292,010
Loss on Disposal of Property and Equipment	2,180	
Bad Debt		11,917
Unrealized Gain on Investments	(16,992)	(1,012)
Realized Gain on Investments	(7,992)	(12,059)
Change in Value of Charitable Remainder Trust	11,956	1,781
Changes in Assets and Liabilities:		
(Increase) Decrease in Pledges and Grants Receivable	23,514	(121,499)
Decrease in Due from Foundation	305,508	54,492
(Increase) Decrease in Prepaid Expenses	(2,142)	2,358
Decrease in Accounts Payable and Accrued Expenses	(6,521)	(63,783)
Increase in Deferred Employee & Compensation Benefit	13,887	17,172
Net Cash Flows from Operating Activities	634,952	178,488
Cash Flows from Investing Activities:		
Sale of Investments	170,189	90,387
Purchase of Investments	(202,170)	(141,071)
Purchases of Property and Equipment	(280,019)	(117,266)
Net Cash Flows from Investing Activities	(312,000)	(167,950)
Net Change in Cash	322,952	10,538
Cash and Cash Equivalents, Beginning of the Year	525,540	515,002
Cash and Cash Equivalents, End of the Year	$ 848,492	$ 525,540

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, 2019 and 2018

	2019		
	Program	General and Administrative	Total
Salaries and Benefits	$ 2,884,829	$ 468,215	$ 3,353,044
Food Expense	286,406		286,406
Occupancy Cost	188,800	23,445	212,245
Insurance	99,615	10,945	110,560
Professional Fees	126,703	36,462	163,165
Computer Services	999	10,097	11,096
Program Supplies	57,455		57,455
Paper Supplies	20,908		20,908
Sponsored Events	17,043		17,043
Vehicle	7,398		7,398
Telephone	16,442	16,442	32,884
Office Supplies and Printing	25,362	10,222	35,584
Travel and Conferences	1,130	22,137	23,267
Taxes and Licenses	13,826	3,290	17,116
Grant Funded Projects	101,720		101,720
Community Relations	34,195		34,195
Miscellaneous	14,210	55,828	70,038
Depreciation	234,890	25,809	260,699
Bank Fees		7,633	7,633
	$ 4,131,931	$ 690,525	$ 4,822,456

	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
	$ 4,095,415	$ 678,852	$ 4,774,267

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

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), strives to bring equity to the level of service available to all children in Delray Beach. The Center's community programming serves as a critical support system that brings opportunity and restored function to the child, family and greater community. We hope to change the narrative for low-income children and their families and have consistently witnessed positive gains for those we are entrusted to serve. Through our accredited, quality community programming, we work to improve the developmental trajectory of children's lives so they may meet their full potential, while building on the strengths of families so they may serve as the foundation for their child's success.

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 October 24, 2019, the date that the financial statements were issued.

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.

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.

Fair Value of Financial Instruments: Cash equivalents, pledges, grants and other receivables, prepaid expenses, and accounts payable and accrued expenses, 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.

Assets	Useful Lives
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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

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 and detailed in the statement of functional expenses. 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.

Reclassifications: In order to facilitate comparison of financial data, certain amounts recorded in the prior year have been reclassified to conform to the current year reporting format.

Net Assets: Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

New Accounting Pronouncement: On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment returns. The Center has adjusted the presentation of its statements accordingly. The ASU has been applied retrospectively to all periods presented.

2. LIQUIDITY AND RESERVES

The Center has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The following table reflects The Center's financial assets as of June 30, 2019, reduced by amounts not available for general expenditures within one year.

Cash and Cash Equivalents	$ 848,492
Investments	869,454
Pledges, Grants and Other Receivable	392,062
Beneficial Interest in Assets Held by Others	1,670,575
Total Financial Assets at June 30, 2019	3,780,583
Less Amounts Not Available to be Used Within One Year:	
Net Assets With Donor Restrictions	601,801
Less Net Assets With Purpose Restrictions to be Met in Less Than One Year	(44,138)
Board Designated for Long Term Purposes	1,112,912
Board Designated for Capital Improvements	176,904
Deferred Compensation Plan	76,043
	1,923,522
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 1,857,061

3. INVESTMENTS

The aggregate carrying amount of investments at June 30, 2019 and 2018 are as follows:

	2019	2018
Mutual Funds	$ 76,043	$ 62,156
Equities	267,116	280,444
Fixed Income	526,295	469,889
	$ 869,454	$ 812,489
Investment return is as follows:		
Interest and Dividends	$ 23,185	$ 21,123
Net Realized Gains	7,992	12,059
Net Unrealized Gains	16,992	1,012
Investment Fees	(3,181)	(3,146)
	$ 44,988	$ 31,048

4. PLEDGES, GRANTS, AND OTHER RECEIVABLES

At June 30, 2019 and 2018, pledges, grants and other receivables consisted of:

	2019	2018
Pledges and Grants	$ 383,919	$ 406,374
Other	8,143	9,202
	$ 392,062	$ 415,576

Pledges, grants and other receivables at June 30, 2019, were scheduled to be collected within one year.

5. PROPERTY AND EQUIPMENT

At June 30, 2019 and 2018, property and equipment consisted of the following:

	2019	2018
Land	$ 374,068	$ 374,068
Vehicles	266,298	266,298
Building and Improvements	5,601,711	5,290,203
Furniture and Equipment	1,029,824	1,130,667
	7,271,901	7,061,236
Less: Accumulated Depreciation	(4,422,148)	(4,228,623)
Net Book Value	$ 2,849,753	$ 2,832,613

6. 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.

During the years ended June 30, 2019 and 2018, the Center contributed $31,890 and $33,858 respectively to the plan.

7. RESTRICTIONS ON ASSETS

Net assets with donor restrictions are available for the following purposes or periods:

	2019	2018
Purpose Restriction Programs	$ 44,138	$ 33,211
Endowment	557,663	557,663
	$ 601,801	$ 590,874

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:

	2019	2018
Programs	$ 313,873	$ 182,486

8. 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.

8. FAIR VALUE MEASUREMENTS (continued)

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.

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 2.8% and 3.4% discount rate for 2019 and 2018, respectively, based on the fair market value of the trust principal as of June 30, 2019 and 2018.

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.

8. FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Center's assets at fair value as of June 30, 2019 and 2018:

	Total	Level 1	Level 2	Level 3
June 30, 2019				
Assets				
Investments:				
Mutual Funds	$ 76,043	$ 76,043	$	$
Equities	267,116	267,116		
Fixed Income	526,295	526,295		
Charitable Remainder Trust	43,492			43,492
Total Assets	$ 912,946	$ 869,454	$	$ 43,492
June 30, 2018				
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	$ 867,937	$ 812,489	$	$ 55,448

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, 2019 and 2018.

	Charitable Remainder Trust
Balance – June 30, 2017	$ 57,229
Change in Present Value Discount	(1,781)
Balance – June 30, 2018	55,448
Change in Present Value Discount	(11,956)
Balance – June 30, 2019	$ 43,492

9. 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 net assets restricted in perpetuity and $1,112,912 reported as board designated for investments for long term purposes.

9. RELATED PARTY TRANSACTIONS (continued)

Foundation contributions to the Center were $1,618,000 and $1,826,335 for the years ended June 30, 2019 and 2018, respectively, and are included in grants and contributions in the accompanying statements of activities. As of June 30, 2019 and 2018, the amount of contributions due from the Foundation was $0 and $305,508, 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 2019 and 2018.

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 $105,000 and $110,000 for the years ended June 30, 2019 and 2018 respectively, are included in contributions on the accompanying statements of activities.

10. 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, 2019 and 2018, the Center received subsidized child care reimbursements from Early Learning Center totaling $963,023 and $951,203, respectively.

11. 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, 2019 and 2018, the Center received food reimbursements from the state of Florida totaling $360,368 and $315,934, respectively.

12. 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, 2019 and 2018, the Center received child care service fees totaling $210,843 and $205,620 respectively.

13. 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, 2019 and 2018, the Center earned child care service fees totaling $271,620 and $284,520, respectively.

14. 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, 2019 and 2018 is $76,043 and $62,156, respectively. Annual contributions made by the Center, for the current CEO, under these plans totaled $11,958 and $11,621 for the years ended June 30, 2019 and 2018, respectively.

The Center leases office equipment under a lease agreement that expires in September 2024. Total rent expense pertaining to this lease for the years ended June 30, 2019 and 2018 is $14,142 and $7,968, respectively. Future minimum lease payments under the terms existing at June 30, 2019 are as follows:

Year ending June 30,	2020	$ 16,200
	2021	16,200
	2022	16,200
	2023	16,200
	2024	4,050
		$ 68,850

15. 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, 2019, the Center had approximately $850,000 in cash, of which $500,000 was in excess of federally insured limits.

15. CONCENTRATIONS AND CREDIT RISK (continued)

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.

16. 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 $5,003,575 and $4,896,498 at June 30, 2019 and 2018, 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, 2019 and 2018, 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 2.8% and 3.4% as of June 30, 2019 and 2018, respectively. The expected future cash flow of $43,492 and $55,448 is based on the approximate fair market value of the trust principal at June 30, 2019 and 2018, respectively.

17. 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

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

an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA.

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 net assets with restrictions in perpetuity (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 net assets with restrictions in perpetuity is classified as net assets with restrictions 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, 2019 and 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-Restricted Endowment Funds	$	$ 557,663	$ 557,663
Board Designated Endowment Funds	1,112,912		1,112,912
Total Funds	$ 1,112,912	$ 557,663	$ 1,670,575

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, 2019 and 2018, 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 October 24, 2019.

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.*

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
October 24, 2019