

**EL SOL, JUPITER'S NEIGHBORHOOD
RESOURCE CENTER, INC.**

REPORT ON AUDITS OF FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

EL SOL, JUPITER'S NEIGHBORHOOD RESOURCE CENTER, INC.

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Independent Auditors' Report

To the Board of Directors
El Sol, Jupiter's Neighborhood
Resource Center, Inc.

We have audited the accompanying financial statements of El Sol, Jupiter's Neighborhood Resource Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows 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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 El Sol, Jupiter's Neighborhood Resource Center, Inc. as of December 31, 2017 and 2016, 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 Matter

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on page 10 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Templeton & Company, LLP

West Palm Beach, Florida
June 19, 2018

EL SOL, JUPITER'S NEIGHBORHOOD RESOURCE CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets:		
Cash	\$ 439,469	\$ 488,486
Grants receivable	<u>69,782</u>	<u>68,782</u>
Total current assets	509,251	557,268
Property and equipment, less accumulated depreciation of \$66,018 in 2017 and \$46,509 in 2016	<u>103,351</u>	<u>80,636</u>
Total assets	<u>\$ 612,602</u>	<u>\$ 637,904</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	<u>\$ 18,962</u>	<u>\$ 18</u>
Net assets:		
Unrestricted	193,922	310,536
Temporarily restricted	<u>399,718</u>	<u>327,350</u>
Total net assets	<u>593,640</u>	<u>637,886</u>
Total liabilities and net assets	<u>\$ 612,602</u>	<u>\$ 637,904</u>

See accompanying notes to financial statements.

EL SOL, JUPITER'S NEIGHBORHOOD RESOURCE CENTER, INC.

**STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2017 and 2016**

	Year Ended December 31, 2017			Year Ended December 31, 2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue:						
Grants	\$ -	\$ 594,587	\$ 594,587	\$ -	\$ 488,643	\$ 488,643
Contributions	223,593	-	223,593	254,206	1,000	255,206
In-kind contributions	395,787	-	395,787	404,119	-	404,119
Other income	40,248	-	40,248	26,178	-	26,178
Net assets released from restrictions	522,219	(522,219)	-	507,182	(507,182)	-
Total support and revenue	1,181,847	72,368	1,254,215	1,191,685	(17,539)	1,174,146
Expenses:						
Program services	1,207,330	-	1,207,330	1,135,171	-	1,135,171
Support services	91,131	-	91,131	90,180	-	90,180
Total expenses	1,298,461	-	1,298,461	1,225,351	-	1,225,351
Increase (decrease) in net assets	(116,614)	72,368	(44,246)	(33,666)	(17,539)	(51,205)
Net assets - beginning of year	310,536	327,350	637,886	344,202	344,889	689,091
Net assets - end of year	\$ 193,922	\$ 399,718	\$ 593,640	\$ 310,536	\$ 327,350	\$ 637,886

See accompanying notes to financial statements.

EL SOL, JUPITER'S NEIGHBORHOOD RESOURCE CENTER, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Decrease in net assets	\$ (44,246)	\$ (51,205)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	19,509	14,330
Increase in operating assets:		
Grants receivable	(1,000)	(59,034)
Increase (decrease) in operating liabilities:		
Accounts payable	<u>18,944</u>	<u>(2,106)</u>
Net cash used in operating activities	(6,793)	(98,015)
Cash flows from investing activities:		
Purchases of property and equipment	<u>(42,224)</u>	<u>(42,960)</u>
Net decrease in cash	(49,017)	(140,975)
Cash, beginning of year	<u>488,486</u>	<u>629,461</u>
Cash, end of year	<u>\$ 439,469</u>	<u>\$ 488,486</u>

See accompanying notes to financial statements.

EL SOL, JUPITER'S NEIGHBORHOOD RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of activities

El Sol, Jupiter's Neighborhood Resource Center, Inc. (the Organization) is a tax-exempt, not-for-profit corporation formed in 2006 to provide a day labor center in and for the residents of the Town of Jupiter, Florida. The Organization promotes a strong, diverse community by providing language and literacy classes, job training and life skills education, meals, and community service opportunities. The Organization also maintains a network system of support and referrals for services including legal aid, health, education, and other social services.

Basis of presentation

The financial statements are prepared on the accrual basis of accounting and in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

Net assets, revenue, gains and losses are classified as temporarily restricted, permanently restricted, or unrestricted based on the existence or absence, respectively, of contractual, grantor or donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

Unrestricted net assets – Net assets available for the support of the Organization's operations. The unrestricted net assets may be used at the discretion of the Organization's management and the Board of Directors. Unrestricted net assets include a board-designated operating reserve of \$240,000 as of December 31, 2017 and 2016; however, due to unexpected expenses in 2017, the unrestricted net asset balance is only \$193,922. The Organization intends to replenish the reserve to the full \$240,000 as soon as it is able.

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

Permanently restricted net assets – Net assets subject to donor-imposed stipulations to be maintained permanently by the Organization. The Organization had no permanently restricted net assets as of December 31, 2017.

Grants and contributions

The Organization records funding from unconditional grants in the period that the grant is awarded. Unconditional contributions are recorded in the period that the contribution is received. Classification of grants and contributions as unrestricted or temporarily restricted is based upon any external stipulations that limit the use of the funds.

When a grantor or donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are then reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Grants and contributions that are temporarily restricted by the grantor or contributor are reported as an increase in unrestricted net assets if the restriction expires in the same reporting period in which the support is recognized.

Advertising

Advertising is expensed as incurred and amounted to \$6,822 and \$12,021 for the years ended December 31, 2017 and 2016, respectively.

EL SOL, JUPITER'S NEIGHBORHOOD RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Contributed services

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received as in-kind contributions.

Many other individuals volunteer their time and perform a variety of tasks to assist with the programs and other activities of the Organization. The value of these services has not been recorded because the criteria for recognition have not been satisfied.

Cash and concentration of credit risk

Cash includes amounts on deposit in general checking and savings accounts. The Organization maintains its cash with generally recognized banking institutions in accounts that are guaranteed by the Federal Deposit Insurance Corporation up to the applicable limits for each institution. Periodically, amounts in any one financial institution that exceeded federally insured limits of \$250,000 were moved so the balance in one financial institution did not exceed the federally insured limit as of December 31, 2017 and 2016.

Accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and the differences could be material.

Property and equipment

Property and equipment acquisitions valued at greater than \$1,000 with a useful life of greater than one year are capitalized and stated at cost or, if donated, at the fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

Furniture and fixtures	7 years
Equipment	5 years
Vehicles	5 years
Leasehold improvements	5 years

The Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Maintenance and repairs are charged to expense as incurred.

Income taxes

The Organization was granted tax-exempt status under Internal Revenue Code Section (IRC) 501(c)(3). Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. The Organization is required to operate in conformity with the provisions of the IRC to maintain its exempt status. The Organization is no longer subject to IRS examinations for years prior to 2014.

EL SOL, JUPITER'S NEIGHBORHOOD RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Functional expenses

The Organization allocates its expenses on a functional basis between program and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated as determined by management.

Reclassifications

Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 financial statement presentation.

Recent accounting pronouncements

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements for Not-for-Profit Entities*, which aims to improve information provided to creditors, grantors, donors, and others while also reducing complexity and costs. The update is the first phase of a project regarding not-for-profits which aims to improve and simplify net asset classification requirements and improve information presented and disclosed in the financial statements about liquidity, cash flows, and financial performance. The update is effective retrospectively for financial statements issued for fiscal years beginning after December 15, 2017, with earlier application permitted. The Organization is currently evaluating the effect the update will have on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which amends existing guidance on accounting for leases. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases currently off-balance sheet under current U.S. GAAP. The update is effective using a modified retrospective approach for fiscal years beginning after December 15, 2019, with early application permitted. The Organization is currently evaluating the effect the update will have on its financial statements.

Note 2 – Grants Receivable

As of December 31, 2017 and 2016, the Organization had temporarily restricted grants receivable totaling \$69,782 and \$68,782 in the accompanying statements of financial position. Of those balances, approximately 79% and 80% was due from one agency as of December 31, 2017 and 2016, respectively.

Note 3 – Net Property and Equipment

Property and equipment is comprised of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Furniture and fixtures	\$ 64,701	\$ 51,410
Equipment	4,495	4,495
Vehicles	37,564	37,564
Leasehold improvements	<u>62,609</u>	<u>33,676</u>
Total	169,369	127,145
Less: accumulated depreciation	<u>(66,018)</u>	<u>(46,509)</u>
Total net property and equipment	<u>\$ 103,351</u>	<u>\$ 80,636</u>

EL SOL, JUPITER'S NEIGHBORHOOD RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 4 – In-Kind Contributions

In-kind contributions for the years ended December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Rent and utilities for facilities provided by the Town of Jupiter (see Note 5)	\$ 84,520	\$ 84,520
Food	64,442	65,908
Information technology services	15,676	19,684
Legal services	51,150	43,350
Other professional services	117,674	137,784
Medical services	60,380	51,675
Teachers	<u>1,945</u>	<u>1,198</u>
	<u>\$ 395,787</u>	<u>\$ 404,119</u>

Note 5 – Operating Lease

The Organization leases its operating facilities from the Town of Jupiter at an annual rent of \$1. The lease term is for five years effective January 1, 2014. The lease states that the cost of utilities, outside repairs, maintenance, and taxes are provided by the Town, the value of which is included in the amount recognized as in-kind contributions of rent and utilities (see Note 4).

Note 6 – Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2017 and 2016 are restricted for the following purposes:

	<u>2017</u>	<u>2016</u>
Labor programs	\$ 156,196	\$ 123,626
Education programs	107,790	87,701
Health services	117,715	78,673
Integration programs	14,783	33,549
Organizational capacity	<u>3,234</u>	<u>3,801</u>
	<u>\$ 399,718</u>	<u>\$ 327,350</u>

During 2017 and 2016, temporarily restricted net assets were released from restriction for the following purposes:

	<u>2017</u>	<u>2016</u>
Labor programs	\$ 142,004	\$ 104,019
Education programs	78,498	83,052
Health services	178,373	177,796
Integration programs	83,566	105,086
Organizational capacity	<u>39,778</u>	<u>37,229</u>
	<u>\$ 522,219</u>	<u>\$ 507,182</u>

Note 7 – Subsequent Events

Management evaluated events occurring subsequent to December 31, 2017 through June 19, 2018, the date the financial statements were available to be issued, for matters that should be recorded in the financial statements or disclosed in the footnotes thereto.

SUPPLEMENTARY INFORMATION

EL SOL, JUPITER'S NEIGHBORHOOD RESOURCE CENTER, INC.

**SCHEDULES OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2017 and 2016**

	2017			2016		
	Program Services	Support Services	Total	Program Services	Support Services	Total
Salaries and benefits	\$ 450,898	\$ 50,100	\$ 500,998	\$ 412,731	\$ 45,859	\$ 458,590
Program consultants	224,507	-	224,507	222,200	-	222,200
Rent and utilities	76,068	8,452	84,520	76,068	8,452	84,520
Legal aid	51,642	-	51,642	45,215	-	45,215
Health services	67,426	-	67,426	56,337	-	56,337
Vocational training	32,040	-	32,040	3,506	-	3,506
Food and supplies	85,014	-	85,014	83,009	-	83,009
Professional fees	9,712	4,856	14,568	14,740	7,370	22,110
Education	5,849	-	5,849	15,141	-	15,141
Insurance	49,168	5,463	54,631	45,312	5,035	50,347
Meetings and events	24,242	2,694	26,936	28,525	3,170	31,695
Information technology	11,757	3,919	15,676	14,763	4,921	19,684
Payroll taxes	45,445	5,049	50,494	41,179	4,575	45,754
Office supplies	12,165	1,352	13,517	13,513	1,502	15,015
Promotion	6,140	682	6,822	10,819	1,202	12,021
Telephone	4,171	463	4,634	4,434	493	4,927
Travel	3,201	-	3,201	3,805	-	3,805
Repairs and maintenance	27,290	3,032	30,322	20,930	2,326	23,256
Depreciation	17,558	1,951	19,509	12,897	1,433	14,330
Equipment rental	3,037	337	3,374	10,047	1,116	11,163
Fundraising	-	2,781	2,781	-	2,726	2,726
Total expenses	\$ 1,207,330	\$ 91,131	\$ 1,298,461	\$ 1,135,171	\$ 90,180	\$ 1,225,351