

**2-1-1 BREVARD, INC.
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

**2-1-1 BREVARD, INC.
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YEAR ENDED JUNE 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
2-1-1 Brevard, Inc.

I have audited the accompanying financial statements of 2-1-1 Brevard, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Board of Directors
2-1-1 Brevard, Inc.
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Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 2-1-1 Brevard, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of state earnings and cost center actual expenses and revenues on pages 13-14 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 audit 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lark Janes CPA LLC

Lark Janes CPA LLC
Certified Public Accountant
October 24, 2016

2-1-1 BREVARD, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS

CURRENT ASSETS

Cash	\$ 288,645
Investments	58,741
Accounts receivable	19,082
Grants and contracts receivable	71,381
Unconditional promises to give	177,673
Prepaid expenses	31,260

TOTAL CURRENT ASSETS 646,782

PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$83,836 266,199

OTHER ASSETS

Intangible assets, net of accumulated amortization of \$11,753	11,508
Deposits	80

TOTAL OTHER ASSETS 11,588

TOTAL ASSETS \$ 924,569

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion of capital lease	\$ 1,437
Current portion of note payable	4,824
Accounts payable	4,408
Accrued expenses	35,445

TOTAL CURRENT LIABILITIES 46,114

LONG TERM LIABILITIES

Capital lease, net of current portion	268
Note payable, net of current portion	121,841

TOTAL LONG TERM LIABILITIES 122,109

TOTAL LIABILITIES 168,223

NET ASSETS

Unrestricted	
Undesignated	551,754
Designated	26,919
Total unrestricted	<u>578,673</u>
Temporarily restricted	177,673

TOTAL NET ASSETS 756,346

TOTAL LIABILITIES AND NET ASSETS \$ 924,569

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

2-1-1 BREVARD, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
PUBLIC SUPPORT AND REVENUES			
Contributions	\$ 14,419	\$ -	\$ 14,419
Federal grants	88,654	-	88,654
State grants	257,539	-	257,539
Local/other grants and contracts	175,719	-	175,719
United Way allocations and designations	14,036	177,673	191,709
Program income	62,232	-	62,232
Investment earnings	5,230	-	5,230
Net assets released from restrictions:			
Satisfaction of time restrictions	222,147	(222,147)	-
TOTAL SUPPORT AND REVENUE	<u>839,976</u>	<u>(44,474)</u>	<u>795,502</u>
EXPENSES			
Program services			
Helpline and prevention	584,293	-	584,293
Homelessness prevention initiatives	116,502	-	116,502
Supporting services			
Management and general	37,274	-	37,274
Fundraising	30,514		30,514
TOTAL EXPENSES AND LOSSES	<u>768,583</u>	<u>-</u>	<u>768,583</u>
CHANGE IN NET ASSETS	71,393	(44,474)	26,919
NET ASSETS AT BEGINNING OF YEAR	<u>507,280</u>	<u>222,147</u>	<u>729,427</u>
NET ASSETS, END OF YEAR	<u>\$ 578,673</u>	<u>\$ 177,673</u>	<u>\$ 756,346</u>

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

2-1-1 BREVARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

	Program Services			Support Services			Total
	Helpline and Prevention	Homelessness Prevention Initiatives	Total Program Services	Management and General	Fundraising	Total Support Services	
EXPENSES							
Communications	\$ 22,243	\$ 3,700	\$ 25,943	\$ 786	\$ 2,013	\$ 2,799	\$ 28,742
Conferences and training	7,537	1,253	8,790	267	421	688	9,478
Contract payments	29,220	-	29,220	-	-	-	29,220
Dues and fees	-	-	-	1,306	-	1,306	1,306
Insurance	7,134	2,530	9,664	256	216	472	10,136
Interest and finance charges	4,239	1,503	5,742	152	128	280	6,022
Occupancy	10,851	3,848	14,699	388	328	717	15,415
Office supplies and expense	3,067	1,088	4,155	109	178	287	4,442
Personnel costs	433,675	72,152	505,827	15,325	24,214	39,539	545,366
Postage and shipping	505	179	684	18	15	33	717
Professional fees	6,329	571	6,900	16,967	-	16,967	23,867
Repairs and maintenance	6,421	2,277	8,697	229	194	424	9,121
Information technology expense	21,249	20,668	41,917	546	1,360	1,906	43,823
Telephone	16,588	1,579	18,167	380	952	1,332	19,499
Travel	1,318	219	1,538	47	74	120	1,658
TOTAL EXPENSES BEFORE DEPRECIATION	570,376	111,567	681,943	36,776	30,093	66,869	748,812
Depreciation and amortization	13,917	4,935	18,852	498	421	919	19,771
TOTAL FUNCTIONAL EXPENSES	<u>\$ 584,293</u>	<u>\$ 116,502</u>	<u>\$ 700,795</u>	<u>\$ 37,274</u>	<u>\$ 30,514</u>	<u>\$ 67,788</u>	<u>\$ 768,583</u>

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

2-1-1 BREVARD, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 26,919
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:	
Depreciation and amortization	19,771
(Increase) decrease in value of investments	(2,113)
(Increase) decrease in assets:	
Accounts receivable	(5,415)
Grants receivable	(5,523)
Promises to give	22,894
Prepaid expenses	(3,868)
Increase (decrease) in liabilities:	
Accounts payable	740
Accrued expenses	11,386
CASH PROVIDED BY (USED IN) OPERATIONS	<u>64,791</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(2,971)
CASH PROVIDED BY (USED IN) INVESTING	<u>(2,971)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on capital lease	(1,494)
Principal payments on note payable	(4,616)
CASH PROVIDED BY (USED IN) FINANCING	<u>(6,110)</u>
NET CHANGE IN CASH	55,710
CASH, BEGINNING OF YEAR	<u>232,935</u>
CASH, END OF YEAR	<u><u>\$ 288,645</u></u>
Interest paid	<u><u>\$ 6,022</u></u>

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

2-1-1 BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

2-1-1 Brevard, Inc. (Organization) operates the Brevard County, Florida 2-1-1 information and referral and crisis intervention telephone service. The Organization also administers a system to coordinate client intake for homeless persons in the Brevard County area and to track the services provided to them. It is supported primarily through allocations from United Way, governmental grants and contributions from individuals and businesses.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

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

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. There were no permanently restricted net assets as of June 30, 2016.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted, highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization held no cash equivalents as of June 30, 2016.

Grants and Contracts Receivable

No allowance has been recorded for uncollectible grants and contracts receivable, as management believes they are fully collectible.

Promises to Give

The Organization evaluates the collectability of unconditional promises receivable and records an allowance for estimated uncollectible amounts. The need for an allowance is based on prior years' experience and management's analysis of specific promises made.

2-1-1 BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equipment and Depreciation

The Organization capitalizes all expenditures for equipment with a value in excess of \$1,500 and a useful life greater than one year. Lesser amounts or purchases with a useful life of less than a year are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the assets' expected useful lives.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor 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. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Donated Services

Donated services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2-1-1 BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Tax Status

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code, and has been determined to be an organization that is not a private foundation. Contributions to the Organization are qualified as deductions for charitable contributions.

The Organization uses the FASB ASC 450-10, Loss Contingencies, approach for evaluation of uncertain tax positions.

NOTE 2 - PROMISES TO GIVE

Promises to give at June 30, 2016 of \$177,673, all of which is receivable in less than one year, consist of allocations and designations from United Way.

NOTE 3 – INVESTMENTS

Investments are stated at fair value and are summarized as follows at June 30, 2016, showing cumulative unrealized gain or loss. All of the invested funds are held in a single mutual fund.

Description	Cost	Fair Value	Unrealized Gain/(loss)
Stocks and mutual funds	\$ 58,252	\$ 58,741	\$ 489

Current year investment return is as follows for the year ended June 30, 2016:

Interest and dividend income	\$ 3,117
Realized gains and (losses)	-
Unrealized gains and (losses)	2,113
Total	\$ 5,230

2-1-1 BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - PROPERTY AND EQUIPMENT

At June 30, 2016, property and equipment consisted of the following:

	Cost	Accumulated Depreciation	Net Book Value	Estimated Life
Building	\$ 281,761	\$ 18,062	\$ 263,699	39 years
Furniture and equipment	61,453	60,545	908	3-7 years
Equipment under capital lease	6,821	5,229	1,592	5 years
Total	<u>\$ 350,035</u>	<u>\$ 83,836</u>	<u>\$ 266,199</u>	

NOTE 5 – INTANGIBLE ASSETS

Intangible assets at June 30, 2016 consisted of the following:

Software	\$ 23,261
Less: Accumulated amortization	<u>11,753</u>
Net unamortized value	<u>\$ 11,508</u>

The intangible assets above are being amortized over useful lives of five years. Estimated amortization expense for future years for these intangible assets is expected to be as follows:

Year ended June 30, 2017	\$ 3,732
2018	3,732
2019	3,732
2020	<u>312</u>
Total	<u>\$ 11,508</u>

NOTE 6 – CAPITAL LEASE

The Organization is the lessee of office equipment under a capital lease expiring in July 2017. The asset and liability under the capital lease are recorded at the lower of the present value of the future minimum lease payments or the fair value of the asset.

Minimum future lease payments under the capital lease as of June 30, 2016 are:

Year ending June 30, 2017	\$ 1,485
2018	<u>270</u>
	1,755
Less amount representing interest	<u>(50)</u>
Total	<u>\$ 1,705</u>

2-1-1 BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 - LONG-TERM DEBT

The Organization has a mortgage note payable to a financial institution with a balance of \$126,665 at June 30, 2016, secured by a mortgage on real property with a net book value of \$263,699 at June 30, 2016. The note requires monthly payments of \$869, including interest at the rate of 4.49 percent annually. The note requires a balloon payment of all unpaid principal and interest in January 2019.

Future maturities of principal for this note are as follows:

Year ended June 30,	2017	\$	4,824
	2018		5,045
	2019		116,796
			116,796
Total		\$	126,665

NOTE 8 – CONCENTRATION OF CREDIT RISK

There are concentrations of credit risk with respect to pledges and grants receivable because a significant amount of these receivables are from the following sources: sixty-six percent of receivables consisted of a promise to give from United Way, and one receivable from a state grant represented twelve percent of total receivables.

Concentrations of risk exist in the volume of support and revenues the Organization receives from three sources: twenty-four percent of support and revenues for fiscal 2016 was comprised of allocations and designations from United Way, two state grants made up thirty percent of support and revenues, and one corporate grant provided eleven percent of support and revenues.

NOTE 9 – RESTRICTIONS AND DESIGNATIONS OF NET ASSETS

Temporarily restricted net assets total \$177,673 at June 30, 2016, consisting of allocations and designations from United Way for the next fiscal year.

The Board of Directors has adopted a Board Designated Reserve Policy. The policy states that when there is a surplus of revenues over expenses for a fiscal year, that surplus will be reserved to support objectives including sustaining operations, preventing cash flow crises, allowing capacity building and expansion of operations during disaster response operations, and providing for acquisition and replacement of capital equipment needs. At June 30, 2016, Board designated net assets totaled \$26,919.

2-1-1 BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. Other than investments, discussed in Note 3, the Organization's significant financial instruments are cash, accounts receivable, and other short term assets and liabilities. For these financial instruments, carrying values approximate fair value.

NOTE 11 – RETIREMENT PLAN

An employee of the Organization who is at least age 21 and who has earned a certain level of compensation in a prior calendar year with the Organization is eligible to participate in the SIMPLE IRA retirement plan of the Organization. Participants may generally elect to defer up to \$12,500 of their compensation annually under the plan, and the Organization will match the deferral up to three percent of the employee's compensation. Five employees participated in the plan during the fiscal year ending June 30, 2016. Current service costs for the fiscal year ended June 30, 2016 were \$5,441, which is included in personnel costs on the statement of functional expenses.

NOTE 12 – SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 24, 2016, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

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2-1-1 BREVARD, INC.
SCHEDULE OF STATE EARNINGS
YEAR ENDED JUNE 30, 2016

Central Florida Cares Health System:

Total expenditures	\$	768,583
Less other state and federal funds		(490,790)
Less non-match funds		(5,262)
Less unallowable costs per 65E-14, F.A.C.		<u>(90,804)</u>
Total allowable expenditures		<u>181,727</u>
Maximum Available Earnings		<u>136,295</u>
Amount of State Funds Requiring Match		<u>144,596</u>
Amount due to CFCHS	<u>\$</u>	<u>-</u>

NOTE 1: No other government funding was received related to Adult or Children's Mental Health during the fiscal year ended June 30, 2016

NOTE 2: There were no related party transactions related to the state funding above during the fiscal year ended June 30, 2016

NOTE 3: Matching funds requirement noted above was satisfied.

2-1-1 BREVARD, INC.
COST CENTER ACTUAL EXPENSES AND REVENUES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016

	Adult Mental Health Services Recovery and Resiliency	Children's Mental Health Services Recovery and Resiliency
	<u> </u>	<u> </u>
FUNDING SOURCES AND REVENUES		
State funding	\$ 117,134	\$ 27,462
Other government funding	-	-
TOTAL FUNDING	<u>\$ 117,134</u>	<u>\$ 27,462</u>
EXPENSE CATEGORIES		
PERSONNEL SERVICES		
Salaries	\$ 92,157	\$ 21,606
Fringe benefits	24,977	5,856
TOTAL PERSONNEL	<u>117,134</u>	<u>27,462</u>
OTHER EXPENSES		
Building occupancy	-	-
Professional services	-	-
Travel	-	-
Equipment	-	-
Food services	-	-
Medical and pharmacy	-	-
Subcontracted services	-	-
Insurance	-	-
Interest paid	-	-
Operating supplies and expenses	-	-
Other	-	-
Donated items	-	-
TOTAL OTHER EXPENSES	<u>-</u>	<u>-</u>
TOTAL PERSONNEL AND OTHER EXPENSES	<u>117,134</u>	<u>27,462</u>
INDIRECT EXPENSES		
Other support costs	-	-
Administration	-	-
TOTAL INDIRECT EXPENSES	<u>-</u>	<u>-</u>
TOTAL ALL EXPENSES	<u>\$ 117,134</u>	<u>\$ 27,462</u>