

THE ASSOCIATION TO PRESERVE THE EATONVILLE COMMUNITY, INC.

FINANCIAL STATEMENTS

September 30, 2015 and 2014

AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

**THE ASSOCIATION TO PRESERVE THE EATONVILLE COMMUNITY, INC.
FINANCIAL STATEMENTS
September 30, 2015 and 2014**

TABLE OF CONTENTS

	<u>Page</u>
Report of Independent Certified Public Accountant	1
Financial Statements:	
Statement of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

Antonio Lemus C.P.A. P.A.

Certified Public Accountant
A Professional Association

Member

Florida Institute of Certified Public Accountants
American Institute of Certified Public Accountants

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National Association of Accountants
Institute of Certified Management Accountants

Independent Auditor's Report

To the Board of Directors
The Association to Preserve the Eatonville Community, Inc.

I have audited the accompanying financial statements of The Association to Preserve the Eatonville Community, Inc., which comprise the statement of financial position as of September 30, 2015 and 2014, and the related statements of activities, statements of functional expenses 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 consolidated 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 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 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Association to Preserve the Eatonville Community as of September 30, 2015, 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.



Antonio Lemus, C.P.A., P.A.
Altamonte Springs, FL
May 16, 2016

THE ASSOCIATION TO PRESERVE THE EATONVILLE COMMUNITY, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2015 AND 2015

ASSETS	2015	2014
Current Assets		
Cash and cash equivalents	\$ 35,875	\$ 14,287
Grants receivable	6,903	7,021
Accounts receivable	46,780	-
Prepaid expenses	-	-
Equipment, exhibit, and leasehold improvements, net (Note 4)	-	-
Other	1,875	1,875
	<u>\$ 91,433</u>	<u>\$ 23,183</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable (Note 6)	211,560	198,890
Accrued payroll and payroll taxes payable	213	627
Accrued interest	8,051	8,051
Loan from Individuals (Note 5.2)	187,425	169,825
TD Line of credit (Note 5.1)	56,612	56,612
	<u>463,861</u>	<u>434,005</u>
NET ASSETS		
Unrestricted (deficit)	(372,428)	(410,822)
	<u>(372,428)</u>	<u>(410,822)</u>
Total Deficiency in Net Assets	<u>(372,428)</u>	<u>(410,822)</u>
Total Liabilities and Net Assets	<u>\$ 91,433</u>	<u>\$ 23,183</u>

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

THE ASSOCIATION TO PRESERVE THE EATONVILLE COMMUNITY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT:			
Festival:			
Grants	\$ 170,000	-	\$ 170,000
Sponsorship and contributions	157,205	-	157,205
Ticket sales and registration	109,135	-	109,135
Vendor fees	43,176	-	43,176
Merchandise and drink sales	6,980	-	6,980
Other	18,400	-	18,400
In-kind contributions (Note 10)	241,285	-	241,285
Total festival revenue and support	\$ 746,181	-	\$ 746,181
County grants	114,502	-	114,502
Other grants	26,383	-	26,383
Contributions	34,644	-	34,644
Program fees and museum tours	4,455	-	4,455
Sale of merchandise	8,467	-	8,467
Other	3,743	-	3,743
Total Revenue and Support	\$ 938,375	-	\$ 938,375
EXPENSES:			
Program services	\$ 804,106	-	\$ 804,106
Supporting services:			
General and administrative	95,875	-	95,875
Total Program Services	\$ 899,981	-	\$ 899,981
Changes in net assets	38,394	-	38,394
Net assets:			
Beginning	(410,822)	-	(410,822)
Ending	(372,428)	-	(372,428)

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

THE ASSOCIATION TO PRESERVE THE EATONVILLE COMMUNITY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT:			
Festival:			
Grants	\$ 122,330	-	\$ 122,330
Sponsorship and contributions	185,962	-	185,962
Ticket sales and registration	98,724	-	98,724
Vendor fees	59,131	-	59,131
Merchandise and drink sales	3,546	-	3,546
Other	13,993	-	13,993
In-kind contributions (Note 10)	258,340	-	258,340
Total festival revenue and support	\$ 742,026	-	\$ 742,026
County grants	104,983	-	104,983
Other grants	26,715	-	26,715
Contributions	19,910	-	19,910
Program fees and museum tours	6,140	-	6,140
Sale of merchandise	6,556	-	6,556
Other	5,002	-	5,002
Forgiveness of Debt	15,000	-	15,000
Total Revenue and Support	\$ 926,332	-	\$ 926,332
EXPENSES:			
Program services	\$ 889,032	-	\$ 889,032
Supporting services:			
General and administrative	111,045	-	111,045
Total Program Services	\$ 1,000,077	-	\$ 1,000,077
Changes in net assets	(73,745)	-	(73,745)
Net assets:			
Beginning	(337,077)	-	(337,077)
Ending	(410,822)	-	(410,822)

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

THE ASSOCIATION TO PRESERVE THE EATONVILLE COMMUNITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	PROGRAM SERVICES				General and Administrative	Total Expenses
	Festival Costs	Educational Outreach	Museum and Other Programs	Total Program Services		
Salaries and related costs	56,196	52,245	14,902	123,343	51,092	174,435
Artistic fees and services	90,025	-	-	90,025	-	90,025
Transportation	460	-	171	631	115	746
Outside services	92,126	3,046	3,390	98,562	5,688	104,250
Banquet and events	13,311	-	20	13,331	139	13,470
Printing	9,013	-	1,168	10,181	-	10,181
Travel and lodging	14,799	1,131	5,052	20,982	1,479	22,461
Street festival expenses	89,106	-	-	89,106	-	89,106
Graphic design	4,098	-	100	4,198	100	4,298
Promotion	17,952	-	1,842	19,794	1,646	21,440
Merchandise for sale	4,873	-	997	5,870	-	5,870
Supplies and office expenses	6,553	629	2,475	9,657	2,049	11,706
Insurance	2,505	2,553	4,293	9,351	2,002	11,353
Telephone and utilities	2,385	4,667	2,148	9,200	9,795	18,995
Rent	10,600	21,600	7,200	39,400	14,000	53,400
Equipment rental & Other	3,800	660	969	5,429	230	5,659
Repairs and maintenance	-	773	1,576	2,349	2,697	5,046
In-kind contributions	241,285	-	-	241,285	-	241,285
Other	1,907	171	-	2,078	2,525	4,603
Licenses, Fees & Dues	-	-	395	395	1,133	1,528
Interest	-	-	-	-	-	-
Taxes	3,867	-	520	4,387	-	4,387
Merchant Fees & Bank Charges	1,717	-	2,835	4,552	1,185	5,737
Depreciation	-	-	-	-	-	-
TOTAL	666,578	87,475	50,053	804,106	95,875	899,981

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

THE ASSOCIATION TO PRESERVE THE EATONVILLE COMMUNITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	PROGRAM SERVICES				General and Administrative	Total Expenses
	Festival Costs	Educational Outreach	Museum and Other Programs	Total Program Services		
Salaries and related costs	44,585	71,927	10,666	127,178	55,109	182,287
Artistic fees and services	115,450	-	-	115,450	-	115,450
Transportation	1,967	-	279	2,246	169	2,415
Outside services	71,295	1,438	1,500	74,233	8,797	83,030
Banquet and events	25,531	-	3,090	28,621	420	29,041
Printing	2,386	-	700	3,086	-	3,086
Travel and lodging	12,574	1,961	1,158	15,693	1,448	17,141
Street festival expenses	104,629	-	-	104,629	-	104,629
Graphic design	7,744	-	-	7,744	-	7,744
Promotion	34,785	-	570	35,355	1,640	36,995
Merchandise for sale	5,467	-	-	5,467	-	5,467
Supplies and office expenses	7,614	853	2,560	11,027	1,219	12,246
Insurance	3,351	3,774	5,614	12,739	5,485	18,224
Telephone and utilities	359	6,449	3,006	9,814	10,130	19,944
Rent	5,300	22,200	9,000	36,500	17,500	54,000
Equipment rental	25,076	-	1,308	26,384	1,451	27,835
Repairs and maintenance	810	103	1,216	2,129	1,772	3,901
In-kind contributions	256,265	-	-	256,265	-	256,265
Other	4,631	-	4,893	9,524	4,488	14,012
Licenses and fees	-	-	-	-	567	567
Interest	-	-	-	-	-	-
Taxes	2,734	-	310	3,044	-	3,044
Bank Charges	1,531	-	-	1,531	850	2,381
Depreciation	373	-	-	373	-	373
TOTAL	734,457	108,705	45,870	889,032	111,045	1,000,077

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

THE ASSOCIATION TO PRESERVE THE EATONVILLE COMMUNITY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

2015	
Cash Flows from Operating Activities:	
Change in net assets	\$ 38,394
Adjustments to reconcile net assets to net cash provided by operating activities:	
Depreciation	0
Changes in operating assets and liabilities:	
Grants receivable	118
Accounts receivable	(46,780)
Prepaid expenses	0
Accounts payable	12,670
Taxes Payable	(414)
Net cash used in operating activities	3,988
Cash Flows from Financing Activities:	
Net proceeds from line of credit	0
Proceeds from board member loans, net	17,600
Net cash used in financing activities	17,600
Net increase in cash	21,588
Cash, beginning of period	14,287
Cash, end of period	\$35,875

2014	
Cash Flows from Operating Activities:	
Change in net assets	\$ (73,745)
Adjustments to reconcile net assets to net cash provided by operating activities:	
Depreciation	373
Changes in operating assets and liabilities:	
Grants receivable	10,137
Accounts receivable	20,000
Prepaid expenses	2,742
Accounts payable	32,041
Accrued payroll	(6,046)
Net cash used in operating activities	(14,498)
Cash Flows from Financing Activities:	
Net proceeds from line of credit	0
Proceeds from board member loans, net	27,000
Net cash used in financing activities	27,000
Net increase in cash	12,502
Cash, beginning of period	1,785
Cash, end of period	\$14,287

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

**THE ASSOCIATION TO PRESERVE THE EATONVILLE COMMUNITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization – The Association to Preserve the Eatonville Community, Inc. (the Association) was incorporated in March 1988, to preserve and enhance the quality and nature and physical environment in Eatonville; to educate the public about historic, cultural, architectural, and scenic preservation and resources; and to seek the designation of Eatonville, Florida as a historic area.

The Association receives its funding primarily from an annual festival, including grants and sponsorships from the county and private entities.

Programs

Festival – An annual celebration of the life and work of Zora Neale Hurston; the historic significance of Eatonville, Florida, popularly known as the “oldest incorporated municipality in the United States to be founded by African Americans,” and the cultural contributions made to the United States and the world by people of African descent.

Neighborhood Centers for Families – Programs funded by Orange County, Florida to provide support and education to youth in areas of reading, writing, computer arts, life skills and the arts in various Orange County communities.

Museum and Other Programs – The Association operates a museum and maintains an exhibit related to the historical aspects of Eatonville, Florida. It also sponsors various educational trips and programs designed to educate and preserve the historical significance of people of African descent and conduct other activities as described in Neighborhood Center for Families.

The Association is a tax-exempt organization under the provisions of Section 501(c)(3) of the Internal Revenue Code and is classified as other than private foundation. The Association’s federal income tax and informational returns for the years ended September 30, 2010 and later remain subject to examination.

Donated Services

The Association recognizes donated services meeting the requirements of generally accepted accounting principles in the financial statements at estimated fair values.

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.

Subsequent Events

Subsequent events have been evaluated through May 16, 2016, which is the date the financial statements were available to be issued.

THE ASSOCIATION TO PRESERVE THE EATONVILLE COMMUNITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Basis of Accounting

The Association prepares its financial statements on the accrual basis of accounting and revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, the Association is required to report information regarding its financial position and activities according to three classes of assets – unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

- Unrestricted – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.
- Temporarily restricted – Net assets whose use by the Association is subject to donor-imposed restrictions that can be fulfilled by actions of the Association pursuant to those restrictions or that expire by 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 subject to donor-imposed restrictions that must be maintained permanently by the Association.

Contributions and Revenue Recognition

In accordance with ASC 958, grants and other contributions received are recorded as revenue in the period received and classified as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor imposed restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Interest and other income are recognized when earned.

Unconditional promises to give (pledges) are recognized as revenues at their fair values in the period pledged. The Association provides an allowance for doubtful accounts when necessary. Unconditional promises to give are temporarily restricted until time restrictions expire or the funds are used for the restricted purpose.

Conditional promises to give (conditional pledges) are recognized as revenues when the conditions are substantially met. Conditional promises to give are recorded as unrestricted revenue in the period which the conditions have been substantially met.

Contributions that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted contributions based on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. Noncash contributions received by the Association are recorded at management's estimate of the fair market value at the date received.

THE ASSOCIATION TO PRESERVE THE EATONVILLE COMMUNITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance non-financial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation.

Functional Allocation of Expenses

The costs of providing the various programs and other activities 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the organization considers all cash and investments with an original maturity of three months or less when purchased to be cash equivalents. At September 30, 2015, the Association did not have any cash equivalents.

Equipment

Equipment, exhibit, and leasehold improvements in excess of \$1,000 are capitalized at cost when purchased, and at fair value when donated. Depreciation is recognized using the straight line method over the estimated useful life of an asset.

NOTE 2 – GRANTS RECEIVABLE

The Association recognizes grant revenue as the funds are utilized for grant purposes and which stipulated conditions have been substantially met. Accounts receivable from grants represents funds expended for the specific program but not yet reimbursed from the funding agency. All accounts receivable are due within one year. The Association does not establish an allowance for doubtful accounts because all accounts receivable are considered collectible. If accounts become uncollectible, The Association's policy is to charge those amounts to operations when they are determined uncollectible.

NOTE 3 – DEFERRED GRANT REVENUE and TEMPORARILY RESTRICTED CASH

Deferred grant revenue represents funds received from the program grant but not yet expended and which stipulated conditions have not been met. This same amount is considered temporarily restricted cash. As of September 30, 2015, there was no deferred grant revenue from grants and contracts.

THE ASSOCIATION TO PRESERVE THE EATONVILLE COMMUNITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 4 – PROPERTY

Property as of September 30, 2015 and 2014 is as follows:

	September 30, 2015	September 30, 2014
Vehicles	\$ -	\$ 20,000
Office and computer equipment	109,851	109,851
Exhibit	47,311	47,311
Leasehold improvements	11,412	11,412
 Total property	 168,574	 188,574
Less: accumulated depreciation	168,574	188,574
 Net property	 \$ -	 \$ -

NOTE 5.1 – TD BANK LINE OF CREDIT

The Association has a loan with TD Bank that is currently in default as of September 30, 2015. The loan bears interest at 7% and is secured by all assets owned by the Association. The note’s maturity was on July 29, 2014. As of the report date, management’s assertion is that the loan has been referred to “Collections”, therefore there was no interest accrual made for 2015 fiscal year.

NOTE 5.2 – LOAN FROM INDIVIDUALS

The Association has collected additional funds in the amount of \$187,426 from related parties to assist in operations. These obligations do not have a maturity date nor do they accrue interest. They are payable at the party’s demand or as funds to repay the debt become available.

NOTE 6 – ACCOUNTS PAYABLE

As of September 30, 2015, the Association has accounts payable balances in the amount of \$183,299 that are greater than 90 days old.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

There are no restrictions on net assets for September 30, 2015 and 2014.

NOTE 8 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions during the years ended September 30, 2015 and 2014 were \$0 and \$0, respectively.

NOTE 9 – LEASE COMMITMENTS

The Association leases various facilities for its offices, museum, and computer training. Rent expense for these leases totaled \$53,400 and \$53,400 for the years ended September 30, 2015 and 2014, respectively.

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

THE ASSOCIATION TO PRESERVE THE EATONVILLE COMMUNITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 10 – IN-KIND CONTRIBUTIONS

The following in-kind contributions, at estimated fair values, are included in these financial statements:

	September 30, 2015	September 30, 2014
Festival:		
Marketing and promotion	\$ 223,725	\$ 101,924
Exhibit direction fees	17,560	35,928
Other	-	62,591
	\$ 241,285	\$ 200,443
STEM Program	\$ -	\$ 55,822
	\$ -	\$ 55,822
Total	\$241,285	\$ 256,265

NOTE 11: CONTINUITY OF OPERATIONS

The Association has generated operating losses in six of the past ten years ended September 30, 2015, and has accumulated losses in excess of its assets in the amount of \$372,428 at September 30, 2015. These losses, along with current economic conditions and results of operations, have had a negative impact on the Association’s cash flow and therefore, its ability to operate.

As of May 16, 2016, the Association has taken measures to reduce their net asset deficit. It has implemented a plan to satisfactorily settle all of its debt obligations, less the debt owed to a board member, within a three year period. In addition, the Association is developing new sources of revenue to assist in the deficit reduction. The Association believes that utilizing these measures will return it to a stable and sustainable financial position in the near future.