

**THE ASSOCIATION TO PRESERVE THE EATONVILLE COMMUNITY, INC.**

**FINANCIAL STATEMENTS**

**September 30, 2012 and 2011**

**AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT**

**THE ASSOCIATION TO PRESERVE THE EATONVILLE COMMUNITY, INC.**  
**FINANCIAL STATEMENTS**  
**September 30, 2012**

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# 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

Member

National Association of Accountants  
Institute of Certified Management Accountants

## Report of Independent Certified Public Accountant

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

I have audited the accompanying statement of financial position of The Association to Preserve the Eatonville Community, Inc. (a nonprofit organization) as of September 30, 2012 and 2011, and the related statements of activities, and cash flows for the twelve months then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides reasonable basis for my 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, Inc. as of September 30, 2012, and the changes in its net assets and its cash flows for the twelve months then ended in conformity with accounting principles generally accepted in the United States of America.



Antonio Lemus, C.P.A., P.A.  
Altamonte Springs, FL  
April 18, 2013

**THE ASSOCIATION TO PRESERVE THE EATONVILLE COMMUNITY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2012 AND 2011**

<b>ASSETS</b>	2012	2011
Current Assets		
Cash and cash equivalents	\$ -	\$ 1,800
Grants receivable	10,150	3,135
Accounts receivable	1,536	-
Prepaid expenses	-	4,135
Equipment, exhibit, and leasehold improvements, net (Note 4)	2,204	4,103
Other	4,617	1,875
Total Assets	\$ 18,507	\$ 15,048
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Bank overdraft	1,821	-
Line of credit (Note 6)	60,344	-
Notes payable (Note 6)	179,825	167,972
Accounts payable	164,347	171,678
Accrued payroll and payroll taxes payable	8,026	38,400
Deferred grant revenue	-	-
Total Liabilities	414,363	378,050
 <b>NET ASSETS</b>		
Unrestricted (deficit)	(395,856)	(499,942)
Temporarily restricted (Note 7)	0	136,940
Total Deficiency in Net Assets	(395,856)	(363,002)
Total Liabilities and Net Assets	\$ 18,507	\$ 15,048

*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, 2012**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT:</b>			
Festival:			
Grants	\$ 161,718	-	\$ 161,718
Sponsorship and contributions	175,435	-	175,435
Ticket sales and registration	26,201	-	26,201
Vendor fees	54,230	-	54,230
Merchandise and drink sales	7,684	-	7,684
Other	22,119	-	22,119
In-kind contributions (Note 10)	214,461	-	214,461
Total festival revenue and support	<u>\$ 661,848</u>	-	<u>\$ 661,848</u>
County grants	25,900	-	25,900
Other grants	0	-	0
Contributions	123,228	-	123,228
Program fees and museum tours	103,822	-	103,822
Sale of merchandise	9,092	-	9,092
Other	67,686	-	20,096
Net assets released from restrictions	136,940	(136,940)	-
Total Revenue and Support	<u>\$ 1,128,516</u>	<u>(136,940)</u>	<u>\$ 991,576</u>
<b>EXPENSES:</b>			
Program services	\$ 845,497	-	\$ 845,497
Supporting services:			
General and administrative	178,933	-	178,933
Total Program Services	<u>\$ 1,024,430</u>	-	<u>\$ 1,024,430</u>
<b>Changes in net assets</b>	<b>104,086</b>	<b>(136,940)</b>	<b>(32,854)</b>
Net assets:			
Beginning	(499,942)	136,940	(363,002)
Ending	<u>(395,856)</u>	-	<u>(395,856)</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, 2011**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT:</b>			
Festival:			
Grants	\$ 188,502	-	\$ 188,502
Sponsorship and contributions	105,200	-	105,200
Ticket sales and registration	15,025	-	15,025
Vendor fees	52,280	-	52,280
Merchandise and drink sales	20,282	-	20,282
Other	22,032	-	22,032
In-kind contributions (Note 10)	459,072	-	459,072
Total festival revenue and support	\$ 862,393	-	\$ 862,393
County grants	\$ 113,545	-	\$ 113,545
Other grants	58,359	-	58,359
Contributions	31,830	-	31,830
Program fees and museum tours	13,667	-	13,667
Sale of merchandise	11,382	-	11,382
Other	3,989	-	3,989
Net assets released from restrictions	-	-	-
Total Revenue and Support	\$ 1,095,165	-	\$ 1,095,165
<b>EXPENSES:</b>			
Program services	\$ 1,066,035	-	\$ 1,066,035
Supporting services:			
General and administrative	264,392	-	264,392
Fundraising	-	-	-
Total Program Services	\$ 1,330,427	-	\$ 1,330,427
<b>Changes in net assets</b>	<b>(235,262)</b>	<b>-</b>	<b>(235,262)</b>
Net assets:			
Beginning	(264,680)	136,940	(127,740)
Ending	(499,942)	136,940	(363,002)

*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, 2012**

	PROGRAM SERVICES					
	Festival Costs	Neighborhood Centers for Families	Museum and Other Programs	Total Program Services	General and Administrative	Total Expenses
Salaries and related costs	63,126	71,167	-	134,293	89,802	224,095
Artistic fees and services	55,853	-	13,995	69,848	-	69,848
Transportation	10,761	-	-	10,761	-	10,761
Other services	93,552	268	605	94,424	15,551	109,975
Banquet and events	4,639	-	5,097	9,736	-	9,736
Printing	11,720	-	-	11,720	-	11,720
Travel and lodging	9,516	-	4,841	14,357	-	14,357
Street festival expenses	101,302	-	90	101,392	-	101,392
Graphic design	13,298	-	-	13,298	-	13,298
Promotion	29,189	-	1,740	30,928	-	30,928
Merchandise for sale	6,640	-	926	7,566	-	7,566
Supplies and office expenses	825	564	11,761	13,150	6,362	19,512
Insurance	15,417	1,103	1,577	18,097	7,989	26,086
Telephone and utilities	2,399	6,328	5,524	14,251	5,661	19,912
Rent	14,901	28,271	13,400	56,572	21,795	78,367
Equipment rental	6,649	-	697	7,346	942	8,288
Repairs and maintenance	1,430	49	2,610	4,089	186	4,277
In-kind contributions	214,461	-	-	214,461	-	214,461
Other	5,091	921	11,701	17,713	5,131	22,844
Legal	-	-	-	-	22,316	22,316
Interest	-	-	-	-	2,792	2,792
Depreciation	1,493	-	-	1,493	406	1,899
<b>TOTAL</b>	<b>662,262</b>	<b>108,671</b>	<b>74,564</b>	<b>845,497</b>	<b>178,933</b>	<b>1,024,430</b>

*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, 2011**

	PROGRAM SERVICES					
	Festival Costs	Neighborhood Centers for Families	Museum and Other Programs	Total Program Services	General and Administrative	Total Expenses
Salaries and related costs	91,258	\$ 60,742	\$ -	\$ 152,000	\$ 122,590	\$ 274,590
Artistic fees and services	42,742	-	6,530	49,272	-	49,272
Transportation	3,969	-	824	4,793	62	4,855
Other services	55,855	-	1,586	57,441	37,523	94,964
Banquet and events	13,705	-	2,500	16,205	1,635	17,840
Printing	32,168	-	1,180	33,348	1,354	34,702
Travel and lodging	18,065	-	2,185	20,250	1,480	21,730
Street festival expenses	88,865	-	-	88,865	-	88,865
Promotion	499,544	-	-	499,544	300	499,844
Merchandise for sale	13,848	-	-	13,848	-	13,848
Supplies and office expenses	4,910	642	177	5,729	3,080	8,809
Insurance	14,274	-	1,775	16,049	10,807	26,856
Professional fees	4,918	-	-	4,918	12,000	16,918
Telephone and utilities	2,919	5,582	5,196	13,697	8,840	22,537
Rent	17,469	30,240	8,100	55,809	29,723	85,532
Equipment rental	3,353	-	63	3,416	4,176	7,592
Repairs and maintenance	-	481	2,385	2,866	687	3,553
Other	22,108	1,143	4,734	27,985	8,374	36,359
Legal	-	-	-	-	13,530	13,530
Interest	-	-	-	-	4,970	4,970
Depreciation	-	-	-	-	3,262	3,262
<b>TOTAL</b>	<b>\$ 929,970</b>	<b>\$ 98,830</b>	<b>\$ 37,235</b>	<b>\$ 1,066,035</b>	<b>\$ 264,392</b>	<b>\$ 1,330,427</b>

*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, 2012 AND 2011**

**2012**

**Cash Flows from Operating Activities:**

Change in net assets	\$ (32,854)
Adjustments to reconcile net assets to net cash provided by operating activities:	
Depreciation	1,899
Changes in operating assets and liabilities:	
Grants receivable	(7,015)
Accounts receivable	(1,536)
Prepaid expenses	4,135
Other assets	(2,742)
Accounts payable	(7,331)
Accrued payroll	(30,374)
Net cash used in operating activities	(75,818)

**Cash Flows from Financing Activities:**

Net proceed from line of credit	60,344
Proceeds from board member loans, net	11,853
Net cash used in financing activities	72,197

Net increase in cash	(3,621)
Cash, beginning of period	1,800
Cash, end of period	\$ (1,821)

**2011**

**Cash Flows from Operating Activities:**

Change in net assets	\$ (235,261)
Adjustments to reconcile net assets to net cash provided by operating activities:	
Depreciation	3,262
Changes in operating assets and liabilities:	
Grants receivable	28,865
Accounts payable	82,088
Accrued payroll	26,680
Deferred revenue	(2,500)
Net cash used in operating activities	(96,866)

**Cash Flows from Financing Activities:**

Proceeds from board member loans, net	102,806
Net cash used in financing activities	102,806

Net increase in cash	5,940
Cash, beginning of period	(4,140)
Cash, end of period	\$ 1,800

*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, 2012**

**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 youths 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, 2009 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 April 18, 2013, 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, 2012**

**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, 2012**

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, 2011, the Association did not have any cash equivalents.

**Equipment**

Equipment, exhibit, and leasehold improvements in excess of \$1,000 are capitalized at cost when purchases, 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, 2012, 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, 2012**

**NOTE 4 – PROPERTY**

Property as of September 30, 2012 and 2011 is as follows:

	September 30, 2012	September 30, 2011
Vehicles	\$ 45,000	\$ 45,000
Office and computer equipment	109,851	109,851
Exhibit	47,311	47,311
Leasehold improvements	11,412	11,412
 Total property	 213,574	 213,574
Less: accumulated depreciation	211,370	209,471
 Net property	 \$ 2,204	 \$ 4,103

**NOTE 5 – INSTALLMENT NOTE PAYABLE**

The Association refinanced \$50,000 of current debt (line of credit) to installment debt in 2009. The note bears interest at 6.5%, is payable in monthly payments of \$980 including interest, and matured on June 16, 2011. The note was secured by all assets owned by the Association. On July 29, 2011, this line of credit was consolidated into the Association’s note payable as mentioned in Note 6.

**NOTE 6 – NOTES PAYABLE**

The Association has a loan with a bank in the amount of \$60,344 as of September 30, 2012. The loan bears interest at 7% and is secured by all assets owned by the Association. The note will mature on July 29, 2014.

The Association has collected additional funds 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 7 – TEMPORARILY RESTRICTED NET ASSETS**

Restrictions on net assets at September 30, 2012 and 2011 are as follows

	September 30, 2012	September 30, 2011
<b>Program use restrictions:</b>		
Renovation funding	-	\$10,000
<b>Time restrictions:</b>		
Specific program support	-	95,000
General program support	-	30,730
Other	-	1,210
 <b>Total</b>	 -	 \$136,940

*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, 2012**

**NOTE 8 – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets released from restrictions during the years ended September 30, 2012 and 2011 were \$136,940 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 \$46,711 and \$22,401 for the years ended September 30, 2012 and 2011, respectively.

**NOTE 10 – IN-KIND CONTRIBUTIONS**

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

	September 30, 2012	September 30, 2011
Festival:		
Marketing and promotion	\$ 83,125	\$205,790
Exhibit direction fees	53,800	50,782
Other	77,536	202,500
Total	\$ 214,461	\$459,072

**NOTE 11: CONTINUITY OF OPERATIONS**

The Association has generated operating losses in six of the past eight years ended September 30, 2012, and has accumulated losses in excess of its assets in the amount of \$393,064 at September 30, 2012. 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 April 18, 2013, 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.