

**The Association to Preserve the  
Eatonville Community, Inc.**

**Financial Statements  
with Independent Auditor's Report**

**September 30, 2009 and 2008**

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*Merry J. Rawls*  
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### Independent Auditor's Report

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

I have audited the accompanying statements of financial position of The Association to Preserve the Eatonville Community, Inc. as of September 30, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits 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 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a 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, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Certified Public Accountant

June 14, 2010

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**THE ASSOCIATION TO PRESERVE THE  
EATONVILLE COMMUNITY, INC.  
STATEMENTS OF FINANCIAL POSITION  
September 30, 2009 and 2008**

**ASSETS**

	<u>2009</u>	<u>2008</u>
Cash	\$ 800	\$ 12,620
Grants receivable, due within one year	38,660	56,720
Prepaid expenses	4,140	4,640
Equipment, exhibit and leasehold improvements, net (Note 2)	15,200	24,580
Other	<u>3,070</u>	<u>3,070</u>
Total Assets (Note 3)	<u>\$ 61,870</u>	<u>\$101,630</u>

**LIABILITIES AND NET ASSETS**

**Liabilities:**

Note payable (Note 3)	\$ 40,000	\$ 96,330
Accounts payable	60,290	44,980
Payroll taxes payable	4,980	4,030
Deferred grant revenue	750	-
Installment note payable (Note 4)	<u>47,610</u>	<u>-</u>
Total Liabilities	<u>153,630</u>	<u>145,340</u>

**Net Assets:**

Unrestricted (deficit)	( 133,670)	( 95,790)
Temporarily restricted (Note 5)	<u>41,910</u>	<u>52,080</u>
Total Net Assets	<u>( 91,760)</u>	<u>( 43,710)</u>
Total Liabilities and Net Assets	<u>\$ 61,870</u>	<u>\$101,630</u>

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

**THE ASSOCIATION TO PRESERVE THE  
EATONVILLE COMMUNITY, INC.  
STATEMENT OF ACTIVITIES  
Year Ended September 30, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>Support and Revenue:</u></b>			
Festival:			
Grant	\$ 150,000	\$	\$ 150,000
Sponsorship and contributions	223,740		223,740
Ticket sales and registration	8,410		8,410
Festival, parking, and vendor fees	69,310		69,310
Merchandise and drink sales	11,390		11,390
Other	10,650		10,650
Estimated In-kind contributions (Note 8)	<u>257,500</u>	<u>          </u>	<u>257,500</u>
Total Festival support and revenue	731,000		731,000
County grants	120,370		120,370
Other grants	86,040	42,540	128,580
Contributions	25,070		25,070
Program fees and museum tours	10,820		10,820
Sale of merchandise	10,250		10,250
Other	1,450		1,450
Net assets released from restrictions (Note 6)	<u>52,710</u>	( <u>52,710</u> )	<u>-</u>
Total Support and Revenue	<u>1,037,710</u>	( <u>10,170</u> )	<u>1,027,540</u>
<b><u>Expenses:</u></b>			
Program services	870,340		870,340
Supporting services:			
General and administrative	173,010		173,010
Fund raising	<u>32,240</u>	<u>          </u>	<u>32,240</u>
Total Expenses	<u>1,075,590</u>	<u>          </u>	<u>1,075,590</u>
Increase (decrease) in net assets	( 37,880 )	( 10,170 )	( 48,050 )
Net Assets (Deficiency in Net Assets) - Beginning of year	( <u>95,790</u> )	<u>52,080</u>	( <u>43,710</u> )
Net Assets (Deficiency in Net Assets) - End of Year	( <u>133,670</u> )	<u>\$ 41,910</u>	( <u>91,760</u> )

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

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**THE ASSOCIATION TO PRESERVE THE  
EATONVILLE COMMUNITY, INC.  
STATEMENT OF ACTIVITIES  
Year Ended September 30, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>Support and Revenue:</u></b>			
Festival:			
Grant	\$ 150,000	\$	\$ 150,000
Sponsorship and contributions	223,170		223,170
Ticket sales and registration	34,230		34,230
Festival, parking, and vendor fees	128,120		128,120
Merchandise and drink sales	25,610		25,610
Other	4,700		4,700
In-kind contributions (Note 8)	<u>162,000</u>	<u>          </u>	<u>162,000</u>
Total Festival support and revenue	727,830		727,830
County grants	107,280		107,280
Other grants	129,100	54,840	183,940
Contributions	30,430		30,430
Program fees and museum tours	12,500		12,500
Sale of merchandise	9,970		9,970
Other	7,250		7,250
Net assets released from restrictions (Note 6)	<u>63,940</u>	( <u>63,940</u> )	<u>-</u>
Total Support and Revenue	<u>1,088,300</u>	( <u>9,100</u> )	<u>1,079,200</u>
<b><u>Expenses:</u></b>			
Program services	920,410		920,410
Supporting services:			
General and administrative	185,410		185,410
Fund raising	<u>24,680</u>	<u>          </u>	<u>24,680</u>
Total Expenses	<u>1,130,500</u>	<u>          </u>	<u>1,130,500</u>
Increase (decrease) in net assets	( 42,200)	( 9,100)	( 51,300)
Net Assets (Deficiency in Net Assets) - Beginning of year	( <u>53,590</u> )	<u>61,180</u>	<u>7,590</u>
Net Assets (Deficiency in Net Assets) - End of Year	( <u>\$ 95,790</u> )	<u>\$ 52,080</u>	( <u>\$ 43,710</u> )

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

**THE ASSOCIATION TO PRESERVE THE  
EATONVILLE COMMUNITY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended September 30, 2009**

	<u>Program Services</u>				<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Festival Costs</u>	<u>Neighborhood Centers for Families</u>	<u>Museum and Other Programs</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fund Raising</u>		
Salaries and related costs	\$ 23,070	\$ 76,300	\$ 18,550	\$ 117,920	\$ 74,030	\$ 26,330	\$ 218,280	
Artistic fees and services	49,110	420	300	49,410			49,410	
Transportation	10,540			10,960	550		11,510	
Other services	61,560		1,260	62,820			62,820	
Banquet and events	19,180			19,180			19,180	
Printing	26,020	120	4,420	30,560	560		31,120	
Travel and lodging	9,200		1,010	10,210	2,680		12,890	
Street festival expenses	105,860			105,860			105,860	
Promotion (Note 8)	293,390		8,280	301,670			301,670	
Merchandise for sale	12,010			12,010			12,010	
Supplies and office expenses	23,360	1,110	1,480	25,950	3,420		29,370	
Insurance	16,450	270	1,750	18,470	9,590		28,060	
Professional fees					24,100	5,910	30,010	
Telephone and utilities	9,260	4,880	3,160	17,300	7,850		25,150	
Rent	14,660	23,430	8,340	46,430	24,640		71,070	
Equipment rental	4,980		200	5,180	3,990		9,170	
Repairs and maintenance	2,070	2,780	2,130	6,980	930		7,910	
Other	13,730	2,680	5,100	21,510	11,150		32,660	
Interest					8,060		8,060	
Depreciation	1,490	6,430		7,920	1,460		9,380	
	<u>\$695,940</u>	<u>\$118,420</u>	<u>\$ 55,980</u>	<u>\$870,340</u>	<u>\$173,010</u>	<u>\$32,240</u>	<u>\$1,075,590</u>	

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**THE ASSOCIATION TO PRESERVE THE  
EATONVILLE COMMUNITY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended September 30, 2008**

	Program Services				Supporting Services			Total Expenses
	Festival Costs	Neighborhood Centers for Families	Museum and Other Programs	Total Program Services	General and Administrative	Fund Raising		
Salaries and related costs	\$ 34,170	\$ 66,720	\$ 11,320	\$ 112,210	\$ 58,210	\$ 24,680	\$ 195,100	
Artistic fees and services	92,650		2,450	95,100			95,100	
Transportation	21,300	550		21,850	490		22,340	
Other services	71,640		7,370	79,010	6,150		85,160	
Banquet and events	29,760			29,760			29,760	
Printing	41,230		4,320	45,550	840		46,390	
Travel and lodging	27,780		3,380	31,160	230		31,390	
Street festival expenses	166,720			166,720			166,720	
Promotion (Note 8)	177,110		4,010	181,120			181,120	
Merchandise for sale	5,310			5,310			5,310	
Supplies and office expenses	19,240	550	5,190	24,980	9,500		34,480	
Insurance	11,970		3,500	15,470	6,420		21,890	
Professional fees					54,740		54,740	
Telephone and utilities		5,190	7,540	12,730	13,140		25,870	
Rent	11,800	21,870	20,720	54,390	16,760		71,150	
Equipment rental	10,920			10,920	5,490		16,410	
Repairs and maintenance	1,290	2,200	2,880	6,370	4,530		10,900	
Other	13,540	4,200	2,100	19,840	2,180		22,020	
Interest					5,170		5,170	
Depreciation	1,490	6,430		7,920	1,560		9,480	
	<u>\$737,920</u>	<u>\$107,710</u>	<u>\$74,780</u>	<u>\$920,410</u>	<u>\$185,410</u>	<u>\$24,680</u>	<u>\$1,130,500</u>	

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**THE ASSOCIATION TO PRESERVE THE  
EATONVILLE COMMUNITY, INC.  
STATEMENTS OF CASH FLOWS  
Years Ended September 30, 2009 and 2008**

**Increase (Decrease) In Cash:**

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities:</b>		
Cash received from festival, grants, contributions, fees and sales	\$788,850	\$885,470
Cash paid to employees, vendors and suppliers	( 783,890)	( 974,050)
Interest paid	( 8,060)	( 5,170)
Net cash used by operating activities	( 3,100)	( 93,750)
 <b>Cash flows from financing activities:</b>		
Draws on line of credit	145,000	211,330
Repayment of line of credit	( 151,330)	( 115,000)
Repayment of installment debt	( 2,390)	-
Net cash provided by (used by) financing activities	( 8,720)	96,330
Net increase (decrease) in cash	( 11,820)	2,580
<b>Cash - Beginning of year</b>	<u>12,620</u>	<u>10,040</u>
<b>Cash - End of year</b>	<u>\$ 800</u>	<u>\$ 12,620</u>

**Supplemental information:**

During the year ended September 30, 2009, installment debt of \$50,000 was incurred to reduce line of credit debt.

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

**THE ASSOCIATION TO PRESERVE THE  
EATONVILLE COMMUNITY, INC.  
STATEMENTS OF CASH FLOWS**

(continued)

Years Ended September 30, 2009 and 2008

**Reconciliation of Change in Net Assets to Net  
Cash Provided By (Used By) Operating Activities:**

	<u>2009</u>	<u>2008</u>
Change in net assets	(\$48,050)	(\$51,300)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	9,380	9,480
Net increase (decrease) in cash flows from changes in:		
Grants receivable	18,060	( 3,510)
Prepaid expenses and other assets	500	3,000
Accounts payable	15,310	( 25,620)
Accrued retirement benefit	-	( 23,570)
Payroll taxes payable	950	2,420
Deferred revenue	<u>750</u>	<u>( 4,650)</u>
Net cash provided by (used in) operating activities	(\$ <u>3,100</u> )	(\$ <u>93,750</u> )

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

**THE ASSOCIATION TO PRESERVE THE EATONVILLE COMMUNITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended September 30, 2009 and 2008**

**Note 1**      **Organization and Summary of Significant Accounting Policies**

**Organization** - The Association to Preserve the Eatonville Community, Inc. (the Association) was incorporated 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 an historic area.

The Association receives its funding primarily from an annual festival, including grants and sponsorships; and county and private grants. The Association is dependent upon these sources of funding.

Programs - The Association's primary programs are as follows:

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 the 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 other programs designed to educate and preserve the historical significance of people of African descent and conducts 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 a private foundation. The Association's federal income tax and informational returns for the years ended September 30, 2006 and later remain subject to examination.

**Contributions** - Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is received.

**THE ASSOCIATION TO PRESERVE THE EATONVILLE COMMUNITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended September 30, 2009 and 2008**

**Note 1      Organization and Summary of Significant Accounting Policies (continued)**

**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 lives of assets.

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

**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 functional expenses. Accordingly, certain costs have been allocated among the program and supporting service categories. Allocations are based primarily on estimates of the amount of time incurred for each activity for personnel costs.

**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 June 14, 2010, which is the date the financial statements were available to be issued.

**Note 2      Equipment, Exhibit, and Leasehold Improvements**

Equipment, exhibit and leasehold improvements is comprised of the following:

	<u>2009</u>	<u>2008</u>
Vehicle	\$ 45,000	\$ 45,000
Office and computer equipment	109,850	109,850
Exhibit	47,310	47,310
Leasehold improvements	<u>11,410</u>	<u>11,410</u>
	213,570	213,570
Less accumulated depreciation	<u>198,370</u>	<u>188,990</u>
	<u>\$ 15,200</u>	<u>\$ 24,580</u>

**THE ASSOCIATION TO PRESERVE THE EATONVILLE COMMUNITY, INC.  
NOTES TO FINANCIAL STATEMENTS  
Years Ended September 30, 2009 and 2008**

**Note 3      Note Payable**

The Association has a line of credit with a bank in the amount of \$100,000. The line bears interest at the bank's "current index" plus one percent (six percent at September 30, 2009) and is secured by all assets owned by the Association. The balance outstanding was \$40,000 and \$96,330 at September 30, 2009 and 2008, respectively.

**Note 4      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 matures June 16, 2011. Maturities for the years ending September 30, are as follows:

2010	\$ 8,920
2011	<u>38,690</u>
	<u>\$47,610</u>

**Note 5      Temporarily Restricted Net Assets**

Restrictions on net assets at September 30, are as follows:

	<u>2009</u>	<u>2008</u>
<b>Program use restrictions:</b>		
Renovation funding	\$10,000	\$10,000
<b>Time restrictions:</b>		
General program support	<u>31,910</u>	<u>42,080</u>
	<u>\$41,910</u>	<u>\$52,080</u>

**THE ASSOCIATION TO PRESERVE THE EATONVILLE COMMUNITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended September 30, 2009 and 2008**

**Note 6**      **Net Assets Released from Restrictions**

Net assets released from restrictions during the years ended September 30, were as follows:

	<u>2009</u>	<u>2008</u>
General program - time restricted	<u>\$52,710</u>	<u>\$63,940</u>

**Note 7**      **Lease Commitments**

The Association leases various facilities for its offices and museum and a computer training program. Minimum lease payments under a non-cancelable lease for the computer training facility are \$19,200 for the year ending September 30, 2010.

Rent expense under long-term leases totaled \$20,000 and \$20,100 for the years ended September 30, 2009 and 2008, respectively.

**Note 8**      **In-Kind Contributions**

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

	<u>2009</u>	<u>2008</u>
Festival:		
Marketing and promotion	\$230,000	\$120,000
Other	16,000	18,000
Street festival costs	10,000	16,000
Travel and lodging	<u>1,500</u>	<u>8,000</u>
	<u>\$257,500</u>	<u>\$162,000</u>

**THE ASSOCIATION TO PRESERVE THE EATONVILLE COMMUNITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended September 30, 2009 and 2008**

**Note 9**    **Continuity of Operations**

The Association has generated operating losses in four of the five years ended September 30, 2009, and has accumulated losses in excess of its assets. These losses, along with the current economic conditions, have had a negative impact on the Association's cash flow and therefore, its ability to operate.

Management and the Board of Directors of the Association are seeking additional funding through expanded grant writing activities, personal contacts and by reaching out to the community that has historically supported its activities and by cutting costs to the extent practicable. The Association has historically overcome cash flow deficits and the Board of Directors and Management are confident that the Association will continue indefinitely.