ADOPT-A-FAMILY
OF THE PALM BEACHES, INC.

REPORT ON AUDIT OF
CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended June 30, 2018
(with comparable totals for 2017)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Adopt-A-Family
of the Palm Beaches, Inc.
Lake Worth, Florida

We have audited the accompanying consolidated financial statements of Adopt-A-Family of the Palm Beaches, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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, 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Adopt-A-Family of the Palm Beaches, Inc. as of June 30, 2018, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2018, on our consideration of Adopt-A-Family of the Palm Beaches, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Adopt-A-Family of the Palm Beaches, Inc.'s internal control over financial reporting and compliance.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. In addition, the consolidated schedules of revenues and expenses – operations and capital project, and program expenses are presented for purposes of additional analysis, and are not a required part of the basic consolidated financial statements. The schedule of expenditures of federal awards and consolidated schedules of revenues and expenses – operations and capital project, and program expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the June 30, 2017 financial statements, and our report dated November 20, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Holyfield & Thomas, LLC

West Palm Beach, Florida
October 23, 2018

As of June 30, 2018 ***(with comparable totals for 2017)***

	Unrestricted	Temporarily Restricted	2018 Totals	2017 Totals
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1,005,324	$ 2,571,634	$ 3,576,958	$ 1,821,855
Grants and allocations receivable	624,442	195,500	819,942	733,713
Contributions receivable, net	21,950	-	21,950	36,313
Prepaid expenses	81,426	-	81,426	95,126
Other current assets	1,275	-	1,275	1,370
Total current assets	1,734,417	2,767,134	4,501,551	2,688,377
Cash and cash equivalents, non-current	497,302	54,474	551,776	485,410
Other assets	6,768	-	6,768	6,768
Property and equipment, net	2,651,167	1,566,887	4,218,054	4,393,632
Community land trust, net	1,593,747	-	1,593,747	1,665,765
Total assets	$ 6,483,401	$ 4,388,495	$ 10,871,896	$ 9,239,952
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	$ 49,408	$ -	$ 49,408	$ 62,786
Accrued expenses	217,494	-	217,494	225,515
Refundable advances	-	-	-	125,663
Current portion of obligation under capital lease	23,305	-	23,305	23,305
Current portion of loan payable	11,762	-	11,762	11,084
Total current liabilities	301,969	-	301,969	448,353
Non-current liabilities:				
Resident deposits and escrow accounts	140,302	-	140,302	137,906
Obligation under capital lease	15,319	-	15,319	38,624
Loan payable	145,781	-	145,781	157,598
Total liabilities	603,371	-	603,371	782,481
Net assets:				
Unrestricted:				
Equity in fixed assets	2,455,000	-	2,455,000	2,531,164
Equity in community land trust	1,593,747	-	1,593,747	1,665,765
Designated for contingencies	357,000	-	357,000	280,000
Undesignated	1,474,283	-	1,474,283	1,235,192
Total unrestricted	5,880,030	-	5,880,030	5,712,121
Temporarily restricted	-	4,388,495	4,388,495	2,745,350
Total net assets	5,880,030	4,388,495	10,268,525	8,457,471
Total liabilities and net assets	$ 6,483,401	$ 4,388,495	$ 10,871,896	$ 9,239,952

See accompanying notes to consolidated financial statements.

For the Year Ended June 30, 2018 ***(with comparable totals for 2017)***

	Unrestricted	Temporarily Restricted	2018 Totals	2017 Totals
Support and revenue:				
Grants and donations:				
Governmental grants	$ 3,491,959	$ -	$ 3,491,959	$ 3,417,139
United Way allocations	281,212	195,500	476,712	515,937
Contributions	1,199,167	1,812,973	3,012,140	1,629,018
In-kind donations	31,320	-	31,320	51,786
Total grants and donations	5,003,658	2,008,473	7,012,131	5,613,880
Special events	838,984	-	838,984	705,454
Rents	467,765	-	467,765	452,579
GROW tuition	13,012	-	13,012	11,322
Other income	12,183	1,245	13,428	6,371
Total support and revenue	6,335,602	2,009,718	8,345,320	6,789,606
Net assets released from restriction	366,573	(366,573)	-	-
Expenses:				
Program services	5,536,076	-	5,536,076	5,323,330
General and administrative	475,017	-	475,017	478,999
Fundraising and development	523,173	-	523,173	476,378
Total expenses	6,534,266	-	6,534,266	6,278,707
Change in net assets	167,909	1,643,145	1,811,054	510,899
Net assets, beginning of year	5,712,121	2,745,350	8,457,471	7,946,572
Net assets, end of year	$ 5,880,030	$ 4,388,495	$ 10,268,525	$ 8,457,471

See accompanying notes to consolidated financial statements.

	2018	2017
Cash flows from operating activities:		
Cash received from grants and donations	$ 4,960,946	$ 5,376,449
Cash received from special events	719,226	612,532
Cash received from rents and tuition	467,765	452,579
Cash paid to suppliers, client assistance and employees	(6,012,407)	(5,728,475)
Other income received	26,440	17,693
Interest expense paid	(9,683)	(11,484)
Net cash provided by operating activities	152,287	719,294
Cash flows from investing activities:		
Purchase of property and equipment	(106,743)	(165,618)
Net cash used in investing activities	(106,743)	(165,618)
Cash flows from financing activities:		
Change in resident deposits and escrow accounts	2,396	25,049
Proceeds from contributions restricted for capital campaign	1,807,973	-
Principal payments on obligation under capital lease	(23,305)	(21,949)
Principal payments of loans payable	(11,139)	(10,446)
Net cash provided by (used in) financing activities	1,775,925	(7,346)
Change in cash and cash equivalents	1,821,469	546,330
Cash and cash equivalents, beginning	2,307,265	1,760,935
Cash and cash equivalents, ending	4,128,734	2,307,265
Cash and cash equivalents, non-current	(551,776)	(485,410)
Cash and cash equivalents, current	$ 3,576,958	$ 1,821,855

See accompanying notes to consolidated financial statements.

	2018	2017
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	$ 1,811,054	$ 510,899
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	354,339	371,282
Donated assets	-	(26,493)
(Increase) decrease in certain assets:		
Grants and allocations receivable	(86,229)	(26,072)
Contributions receivable	14,363	22,849
Prepaid expenses	13,700	(2,841)
Other current assets	95	11,115
Increase (decrease) in certain liabilities:		
Accounts payable	(13,378)	11,028
Accrued expenses	(8,021)	7,100
Refundable advances	(125,663)	(159,573)
Contributions restricted for capital campaign	(1,807,973)	-
Net cash provided by operating activities	$ 152,287	$ 719,294

Supplemental disclosure of non cash investing and financing activities:

During 2017, the Organization incurred debt of $21,357 in the form of a capital lease used to acquire new office equipment.

See accompanying notes to consolidated financial statements.

	Program Services	Management and General	Fundraising and Development	2018 Totals	2017 Totals
Salaries	$ 2,074,502	$ 249,786	$ 238,971	$ 2,563,259	$ 2,375,756
Employee benefits	430,311	48,219	48,894	527,424	502,254
Payroll taxes	148,059	22,841	17,023	187,923	173,608
	2,652,872	320,846	304,888	3,278,606	3,051,618
Advertising and recruitment	3,534	1,514	461	5,509	7,909
Building maintenance	149,497	22,164	4,766	176,427	235,323
Direct fundraising costs	-	-	134,121	134,121	115,771
Equipment rental	1,044	722	-	1,766	6,379
Insurance expense	142,986	33,307	13,015	189,308	187,205
Interest expense	-	9,683	-	9,683	11,484
Membership dues	4,843	1,360	3,788	9,991	12,322
Office supplies	48,294	10,602	5,259	64,155	56,296
Other expenses	1,663	4,370	1,150	7,183	27,075
Postage	453	2,219	1,177	3,849	3,540
Printing	499	107	8,018	8,624	7,429
Professional fees	111,302	17,974	30,855	160,131	201,725
Property tax	25,022	1,860	3,059	29,941	34,866
Rent	4,388	7,126	355	11,869	19,527
Specific assistance and program supplies	1,963,068	-	-	1,963,068	1,801,701
Telephone	27,088	3,409	1,329	31,826	26,291
Training and development	14,149	14,589	1,961	30,699	40,893
Travel and transportation	24,415	2,033	721	27,169	19,345
Utilities	28,936	5,085	1,981	36,002	40,726
	5,204,053	458,970	516,904	6,179,927	5,907,425
Depreciation	332,023	16,047	6,269	354,339	371,282
Total expenses	$ 5,536,076	$ 475,017	$ 523,173	$ 6,534,266	$ 6,278,707

See accompanying notes to consolidated financial statements.

1. Business and Summary of Significant Accounting Policies

Presentation

The accompanying financial statements reflect the consolidated financial statements of Adopt-A-Family of the Palm Beaches, Inc. ("AAF") and LW NSP2, LLC ("LLC") (collectively the "Organization"). All significant inter-organization accounts and transactions have been eliminated.

Organization

Adopt-A-Family of the Palm Beaches, Inc. was incorporated in November 1984, as a not-for-profit corporation under Florida law. AAF is a non-profit 501(c)(3) organization dedicated to strengthening families with children in their efforts to achieve stability and self-sufficiency by providing access to all-encompassing services. LW NSP2, LLC was created in December 2010, as a single member LLC with AAF as the only member. The LLC owns and operates various rental properties under the Neighborhood Stabilization Program 2. Some of the programs offered by the Organization include:

Bridges to Success

Bridges to Success is a permanent supportive housing program for homeless families funded by HUD. The program offers scattered site housing in western Palm Beach County to homeless families with a head of household living with a disability. The program offers intensive case management and supportive services to all residents and is one of the only options for homeless families residing in Belle Glade, Pahokee, and others areas in western Palm Beach County. This is a collaborative program with other not-for-profit agencies for residents in Palm Beach County. 100% of participating families, constituting 26 individuals, remained stably housed during the fiscal year and 53% increased or maintained their income.

Project Grow

Project Grow is the agency's licensed afterschool/out-of-school program serving children in kindergarten through fifth grade. Most children attending are formerly homeless and reside in one of the agency's housing programs. The program is customized to meet the unique needs of formerly homeless children and focuses on building the children's social, emotional, and educational skills. 98% of the children attending Project Grow were promoted to the next grade level during the school year ended during June 2018.

Senator Philip D. Lewis Homeless Resource Center (HRC)

The Organization is a partner agency of Palm Beach County's homeless resource center (HRC), which opened in 2012. The HRC serves as Palm Beach County's "front door" for access to homeless services. The Organization operates the family division and provides homeless families with assessments, case management, access to mainstream resources, vital shelter and housing services, and permanent housing. The HRC family division receives funding from multiple sources, including Palm Beach County, HUD, private foundations and partnering agencies. Over 8,000 calls were received by the HRC family division which resulted in 3,344 individuals, of which, 1078 were adults, receiving services during the fiscal year. 86% of families who were housed by the HRC maintained stable housing after one year.

1. <u>Business and Summary of Significant Accounting Policies</u>, continued

Organization, continued

Senator Philip D. Lewis Homeless Resource Center (HRC), continued

Connecting Youth to Opportunities (CYTO)

CYTO is a Rapid Re-Housing program for families experiencing homelessness, whose head of household must be 18 to 24 years old at program entry. The program is one of the HUD funded programs administered out of the HRC. The first operating year began on August 1, 2017 and was funded by HUD. A total of 30 families, or 1,078 individuals, were served in the first operating year. The program offers intensive case management and supportive services to all residents, as well as a decreased rental subsidy to assist clients while they get to point of sustaining the total rent on their own. 61% of the families participating in the program increased or maintained their income during the fiscal year.

Housing Stabilization Program

The Housing Stabilization Program provides homeless prevention services to families who are at imminent risk of eviction and homelessness. Families receive case management, financial assistance, and other supportive services to help them remain in their home. This program prevented 202 Palm Beach County families from becoming homeless and allowed them to remain stably housed during the fiscal year. In addition, 85% of the families served in the prior fiscal year remained stably housed after agency assistance.

Neighborhood Stabilization Program 2 (NSP2)

The Organization, in partnership with the Lake Worth Community Redevelopment Agency (CRA), was one of 56 awardees in 2010 to be awarded funding through HUD's NSP2 funding competition. The goal of the program was to stabilize neighborhoods through the acquisition and rehabilitation of foreclosed properties. The Organization rehabilitated and constructed a total of forty-one housing units in the City of Lake Worth as a result of this opportunity. A total of seventeen units were sold by the Organization to income-qualified households between 2010 and 2014. Twenty-four units were retained by the Organization and are currently being used as rental properties for low-income families. The program maintained a 97% occupancy rate during the fiscal year and served 85 individuals.

Project S.A.F.E. (Stable, Able, Family Environment)

Project SAFE is a permanent supportive housing program for homeless families partially funded by HUD. The program consists of 32 units of agency-owned housing and is currently the largest permanent supportive housing program for homeless families with a head of household living with a disability in Palm Beach County. The program offers intensive case management and supportive services to all 132 of the residents. 96% of participating families remained stably housed during the fiscal year. 71% of the 55 adults participating in the program increased or maintained their income during the fiscal year.

1. Business and Summary of Significant Accounting Policies, continued

Organization, continued

Service Enriched Housing (S.E.H.)

The Service Enriched Housing program offers affordable housing to low-income families who are on the path to home ownership. The program consists of 30 two-bedroom apartment units located adjacent to the Organization's Family Resource Center. Rent is based on 30% of the family's gross income. The Organization captures the first $550 as the base rent with all additional funds placed in escrow and used for credit repair, home ownership activities, and general wealth building. $40,000 of participating families collective debt was eliminated during the fiscal year. In addition, collectively they saved $47,500 during the fiscal year.

Community Land Trust Program/Wiley Reynolds Apartments

The Organization's Community Land Trust Program combined with the Organization's Wiley Reynolds Apartments provides affordable home ownership and rental opportunities to income qualified households. Home ownership opportunities use a land lease model in which the Organization retains ownership of the land while the purchaser owns the improvements. This arrangement permits the improvements to be sold at a reduced rate. Rental opportunities primarily consist of the nine-unit Wiley Reynolds Gardens apartments. The units were constructed in 2008 and offer low-income and families experiencing homeless housing that is priced below 50% of the fair market rent rates. 35 individuals were served during the fiscal year and 90% of the heads of household of participating families were employed full time during the fiscal year.

Mental Health Wellness

The Mental Health Wellness Program (MHW) began in August of 2016 with the primary goal of eliminating barriers to mental health services for the Organization's high-need participants to improve their mental health and family functioning. Though many families served by the Agency are in need of mental health services, a significant portion of the Organization's families do not engage with therapists due to barriers such as lack of transportation, acceptable health coverage, financial requirements and provider availability. In addition, the onsite therapist is available for crisis intervention, de-escalation and provides guidance to case managers of the families. 57 individuals engaged in therapy during the fiscal year. 82% of the clients enrolled in the program have shown improved mental health based on scores in the DSM-5 Cross Cutting Symptom Measures tool.

Program REACH

The Organization operates Palm Beach County's main emergency shelter serving families with minor children experiencing homelessness. Program REACH (REACH) provides 19 units of 90-day immediate and safe housing paired with support services and resources as families seek a permanent housing solution. Families enter REACH through the HRC. 354 individuals were assisted during the fiscal year at REACH. 96% of families remained housed for three months after successfully exiting the shelter.

1. Business and Summary of Significant Accounting Policies, continued

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Consolidated Financial Statement Presentation

The Organization has adopted FASB Accounting Standard Codification (FASB ASC) 958-205, "*Presentation of Financial Statements*." Under the standard, the Organization is required to report information regarding its activities according to three classifications of net assets: unrestricted, temporarily restricted, and permanently restricted.

The following paragraphs describe the three classes of net assets:

> Unrestricted Net Assets: this classification includes those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from exchange transaction (except income and gains on assets that are restricted by donors or by law) are included in the unrestricted by class.
>
> Temporarily Restricted Net Assets: this classification includes those net assets whose use by the Organization has been limited by donors to either later periods of time, or after specified dates, or for a specified purpose.
>
> Permanently Restricted Net Assets: this classification includes those net assets that must be maintained by the Organization in perpetuity. Permanently restricted net assets increase when the Organization receives contributions for which donor-imposed restrictions limiting the Organization's use of an asset or its economic benefits neither expire with the passage of time nor can be removed by the Organization meeting certain requirements. The Organization had no permanently restricted net assets as of June 30, 2018.

Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) recently issued several Accounting Standards Updates (ASU's) that affect the accounting and reporting of not-for-profit entities. The FASB issued ASU 2016-02, *Leases (Topic 842)*, which does not take effect until the Organization's fiscal year ending June 2021, and provides new guidance for leases such that virtually all leases will be capitalized and create "right of use" assets along with associated liabilities. ASU 2016-14, *Not-for-Profit Entities (Topic 958)*, was also issued this past year, and imposes new requirements for the presentation and disclosure of not-for-profit financial statements, including a reduction in the number of net asset categories from 3 classes to 2 classes, a requirement to present a statement of functional expenses, a requirement to disclose the quantitative and qualitative aspects of its liquidity, in addition to other provisions. This ASU will be effective for the Organization's fiscal period ending June 30, 2019, with early implementation permitted. These standards will impact the interpretation of certain Organization transactions, and management is evaluating the effect that the updated standards will have on the financial statements.

1. Business and Summary of Significant Accounting Policies, continued

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Financial Statement Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Fair Value of Financial Instruments

The Organization follows FASB ASC 820-10, "*Fair Value Measurements and Disclosures*," which provides a common definition of fair value, establishes a framework to measure fair value within accounting principles generally accepted in the United States of America, and expands the disclosures about fair value measurements. The standard does not create any new fair value measurements. Instead, it applies under existing accounting pronouncements that require or permit fair value measurements.

For assets and liabilities measured at fair value on a recurring basis, entities should disclose information that allows financial statement users to assess (1) the inputs used to develop such measurements, such as Level 1 (i.e., quoted price in an active market for an identical asset or liability), Level 2 (i.e., quoted price for similar assets or liabilities in active markets), or Level 3 (i.e., unobservable inputs); and (2) the effect on changes in net assets of recurring measurements that use significant unobservable (Level 3) inputs. The Organization did not have financial instruments measured at fair value on a recurring basis.

The following methods and assumptions were used by the Organization in estimating fair value of financial instruments that are not disclosed under ASC 820-10.

Cash and Cash Equivalents: The carrying amount reported approximates fair value.

Grants and Allocations and Contributions Receivable: The carrying amount approximates fair value due to the short term of the receivables.

Accounts Payable and Accrued Expenses: The carrying amount reported approximates fair value due to the short term duration of the instruments.

Capital Lease, Line of Credit and Loans Payable: The carrying amount reported approximates fair value as the stated interest rates approximate market rates.

1. Business and Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

Cash and cash equivalents include checking, savings, money market accounts, and petty cash. The Organization also considers short-term investments with a maturity of three months or less when purchased to be cash equivalents.

Grants and Allocations Receivable

Grants receivable are recorded when services have been rendered. If events or changes in circumstances indicate that specific receivable balances may be disallowed by the granting authority, the receivable balances are written-off as an operating expense. Allocations receivable that are unconditional are recorded at the time of receipt.

Promises to Give

Unconditional promises to give are recognized as support in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises to give noncash assets that are expected to be received in future years are recorded at the present value of the expected fair value of the underlying noncash assets expected to be received. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Any changes in the expected fair value of underlying noncash assets are reported as increases and decreases in contribution revenue in the period the change occurs. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

Acquisitions of property and equipment in excess of $2,500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of the donation. Donations of property and equipment are recorded 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 estimated useful life of the assets, ranging from 3 to 39 years.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Resident Deposits and Escrow Accounts

In connection with its various housing programs, the Organization receives and maintains deposits on rent and escrow funds for residents to be later returned to them or recorded as revenue.

1. Business and Summary of Significant Accounting Policies, continued

Accrued Absences

Employees may accumulate unused vacation based upon the length of service. Accumulated vacation is payable to eligible employees upon termination or retirement at the current rate of pay, if employed more than 90 days. Accumulated unpaid vacation is accrued as a liability and charged to expense as incurred.

Refundable Advances

The Organization has reimbursement arrangements with various grantors whereby the Organization receives funds ahead of the expenditure. In accordance with the terms of these arrangements, any funds that are not spent within the contract period must be refunded to the grantors.

Designated for Contingencies

As of June 30, 2018, the Organization has segregated $357,000 of net assets for a contingency fund. The contingency fund constitutes $221,400 for AAF needs and $135,600 for NSP2 needs.

Revenue Recognition

The Organization receives various grants from federal, local, and private agencies for program and supporting service expenses. These grants are generally on a cost reimbursement basis, including recoverable overhead. Revenues from grants are deemed earned and recognized in the Consolidated Statement of Activities when expenditures are made for the purpose specified. Funds that have been received but have not yet been expended for the purpose specified are reported as temporarily restricted revenue or refundable advance, as applicable.

Grants which are not awarded on a cost reimbursement basis are recorded as support in the year for which the grant was awarded and in which the conditions to the grant are met.

Support and Revenue

Foundation support, unconditional promises to give, and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when either the stipulated time restriction ends or the purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported in the Consolidated Statements of Activities as net assets released from restriction. However, if the restriction is met in the same period as the restricted income is received, the Organization classifies such income as unrestricted support.

1. Business and Summary of Significant Accounting Policies, continued

In-Kind Donations

The Organization records various types of in-kind support including contributed professional services and materials. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The total amount of donated goods during the year ended June 30, 2018, amounted to approximately $31,300. This amount is recognized as both revenue, under the caption of in-kind donations, and as various expenses in the Consolidated Statement of Activities and Consolidated Statement of Functional Expenses. There were no significant contributions of professional services for the year ended June 30, 2018.

In addition, the Organization relies on volunteers who donate significant time in the advancement of its goals; however, such services do not meet the criteria for financial statement recognition and are therefore not included herein.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and according to natural classification in the Consolidated Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Specific Assistance

Specific assistance expense, as denoted on the Consolidated Statement of Functional Expenses, consists of direct financial assistance expended on behalf of the Organization's clients correlating to the mission of the respective programs.

Advertising Costs

Advertising costs are charged to operations when incurred.

Income Taxes

Adopt-A-Family of the Palm Beaches, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. LW NSP2, LLC is a single member LLC and is treated as a disregarded entity for income tax purposes. Therefore, no provision for income taxes has been made in these consolidated financial statements. In addition, AAF qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

1. Business and Summary of Significant Accounting Policies, continued

Income Taxes, continued

The Organization follows FASB ASC 740-10, "*Accounting for Uncertainty in Income Taxes*." This pronouncement seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. The Organization assesses its income tax positions based on management's evaluation of the facts, circumstances and information available at the reporting date. The Organization uses the prescribed more likely than not threshold when making its assessment. The Organization has not accrued any interest expense or penalties related to tax positions for the year ended June 30, 2018, and there are currently no open Federal or State tax years under audit.

2. Grants and Allocations Receivable

A summary of grants and allocations receivable as of June 30, 2018, is as follows:

Palm Beach County	$ 385,246
Learning Coalition of Palm Beach County	8,300
Housing and Urban Development (HUD)	132,693
United Way	208,029
Homeless Coalition	85,674
Total grants and allocations receivable	$ 819,942

Management believes that grants and allocation receivable are fully collectible in less than one year and, therefore, no discount or allowance for uncollectible receivables was considered necessary.

3. Contributions Receivable

Contributions are recognized in the period an unconditional promise to give is received. Contributions receivable are recorded at face value if due in less than one year, or at net realizable value, discounted as appropriate to reflect the estimated timing of receipt for contributions, if due more than one year after the date of receipt. As of June 30, 2018 all remaining balances are expected to be collected in less than one year. The allowance for uncollectible contributions receivable is determined based on management's estimate.

The following is a summary of contributions receivable as of June 30, 2018:

Contributions receivable	$ 26,950
Allowance for uncollectible amounts	(5,000)
Net contributions receivable	$ 21,950

4. Property and Equipment

Details of the Organization's property and equipment as of June 30, 2018, are as follows:

Land	$ 1,029,646
Buildings	5,601,524
Building improvements	781,510
Equipment	86,477
Equipment under capital lease	122,352
Motor vehicles	167,190
Construction in progress	101,482
	7,890,181
Less accumulated depreciation	3,672,127
Net property and equipment	$ 4,218,054

Construction in progress consisted of costs related to the Organization's Third Avenue Homes project, which encompasses constructing fourteen affordable townhomes and a community space on property owned by the Organization adjacent to the existing Lake Worth Family Resource Center campus. In addition to constructing new units of affordable housing, the project will also include a new program designed to assist families residing in the townhomes in becoming stable and self-sufficient. The focus of the program is education centric and the Organization will be partnering with the local elementary school with the goal of improving academic performance through the provision of stable and affordable housing.

5. Community Land Trust Program/Wiley Reynolds Apartments

The Organization operates a Community Land Trust (CLT) program that was established in order to make housing available to residents who cannot otherwise afford it while providing benefits to the local community. The land is held permanently by the Organization to ensure perpetual affordability; however, the homes are owned by those who live in them. When the Organization sells a home, it leases the underlying land to the homeowners through a long-term (i.e., 99-year) renewable lease, and retains a right of first refusal to buy back the building.

During 2006, the Organization received a vacant lot donated by the City of Lake Worth located at 505 North K Street. During 2008, the Organization completed the construction of a single-family residence at a total cost of $196,454.

During 2007, the Organization purchased another vacant lot for approximately $100,000 located at 1715 3rd Ave North. The lot will be included in the Third Avenue Homes project.

During 2009, the Organization completed the construction of a nine-unit apartment complex located at 1736 2nd Avenue, named Wiley Reynolds Apartments, which was added to the CLT. The construction was partially funded by a Homeless Assistance Housing Grant, which requires that the units be reserved for homeless use for a minimum of ten years from the time of occupancy. The Organization is currently renting these units to low-income and families experiencing homelessness.

5. Community Land Trust Program/Wiley Reynolds Apartments, continued

The unrestricted net assets designated for the CLT as of June 30, 2018, consisted of the following:

Land	$ 296,669
Building	1,972,866
	2,269,535
Less accumulated depreciation	675,788
Total designated for CLT	$ 1,593,747

6. Neighborhood Stabilization Program 2 (NSP2)

The Organization, in partnership with the Lake Worth Community Redevelopment Agency (CRA), was one of only 56 awardees of the U.S. Department of Housing and Urban Development's Neighborhood Stabilization Program 2 (NSP2) national grant competition.

From 2010 through 2014, the Organization purchased and rehabilitated forty-one units of affordable housing. Since the award, a total of seventeen units were sold by the Organization to income-qualified households and twenty-four units were retained by the Organization and are currently being used as rentals for low-income families. In accordance with NSP2 guidelines, the units sold are deed restricted, protecting their affordability for a minimum of 15 years from the date of purchase. The rental units are also deed restricted, protecting their affordability, for 20 years from the date of completion of construction.

The temporarily restricted net assets under the NSP2 program as of June 30, 2018, consisted of the following:

Rental properties (24 units)	$ 1,950,637
Less accumulated depreciation	383,750
Rental properties, net	$ 1,566,887

Rental properties owned under the NSP2 program are included in the Consolidated Statement of Financial Position under the caption of property and equipment.

7. Line of Credit

The Organization has a $350,000 line of credit with Iberia Bank (Bank) that is collateralized by land, buildings, and improvements at 1712 2nd Avenue and 1717 3rd Avenue North. Interest is paid monthly at the Bank's prime rate, which was 5.00% as of June 30, 2018. There was no amount outstanding under the line of credit as of June 30, 2018.

8. Capital Lease

The Organization leases certain equipment under capital leases that expire at various dates through January 2022. The assets and liabilities under the capital lease were recorded at the lower of the present value of minimum lease payments or the fair value of the assets. The assets are amortized over the lower of their lease terms or their estimated useful lives. Amortization of equipment under capital lease is included in depreciation expense in the accompanying consolidated financial statements. Depreciation of assets under capital leases charged to expense during the year ended June 30, 2018 was $24,470.

Minimum future lease payments under capital lease as of June 30, 2018 for each of the next five years and in the aggregate are:

Year	Amount
2019	$ 23,305
2020	8,877
2021	4,068
2022	2,374
Total obligation under capital lease	38,624
Less current portion	23,305
Long-term portion	$ 15,319

9. Loan Payable

The following is a schedule of the Organization's loan payable:

Mortgage note payable to PNC Bank that is collateralized by land, buildings, and improvements at 1712 2nd Avenue, with interest rate adjusted annually, 5.95% as of June 30, 2018. The note requires monthly payments of principal and interest until June 30, 2028.	$ 157,543
Less current portion	11,762
Long-term portion	$ 145,781

The approximate future maturities of this installment obligation are as follows:

Year	Amount
2019	$ 11,762
2020	12,481
2021	13,244
2022	14,054
2023	14,914
Thereafter	91,088
	$ 157,543

10. Restriction on Net Assets

Unexpended temporarily restricted net assets are restricted for the following purposes as of June 30, 2018:

Housing Stabilization Program	$ 38,000
Project Grow	121,474
Service Enriched Housing	45,500
Program Reach	45,000
NSP2	1,566,887
Season-to-Share	3,479
Capital projects	2,568,155
Total temporarily restricted net assets	$ 4,388,495

11. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses or purchasing assets satisfying the restricted purposes. Satisfaction of program restrictions for the year ended June 30, 2018 are as follows:

Housing Stabilization Program	$ 38,000
Project Grow	67,000
Service Enriched Housing	45,500
Program Reach	45,000
NSP2	64,970
Season-to-Share	18,838
Capital projects	87,265
Total net assets released from restrictions	$ 366,573

12. Special Events

The Organization participated in several special events during the year. Special event revenues and expenses for the year ended June 30, 2018 were as follows:

	Revenues	Direct Expenses	Net
Tree Lighting	$ 601,163	$ 78,755	$ 522,408
Golf Tournament	167,040	38,106	128,934
Others	70,781	17,260	53,521
Total	$ 838,984	$ 134,121	$ 704,863

13. Employee Tax Sheltered Retirement Plan and Other Employee Benefits

The Organization sponsors a salary reduction contribution plan pursuant to Section 403(b) of the Internal Revenue Code. All employees are eligible to participate upon completion of one hour of service. Under the plan, employees may contribute a specified percentage of their salary or a fixed dollar amount to the plan. The Organization contributes a discretionary amount to the plan. For the year ended June 30, 2018, the discretionary amount was defined as 2% of an eligible employee's annual salary, once the employee had completed one year of service. The Organization's contribution to the plan for the year ended June 30, 2018 was $42,887.

14. Concentrations

The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of June 30, 2018, there was approximately $3,611,000 of uninsured deposits held in bank. The Organization has not experienced any losses on such accounts and management believes the Organization is not exposed to any significant credit risk arising from such balances.

15. Subsequent Events

Management has evaluated subsequent events through October 23, 2018, the date on which the consolidated financial statements were available to be issued, and determined the following additional disclosures was required to be presented in these consolidated financial statements.

On July 1, 2018, the Organization began offering a retirement plan pursuant to Section 401(k) of the Internal Revenue Service. Employees are immediately eligible to contribute to the plan. The Organization will make a Safe Harbor contribution of 3% after one year of service. On July 10, 2018, the Organization terminated the 403(b) retirement plan that was previously offered to its employees.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Adopt-A-Family
of the Palm Beaches, Inc.
Lake Worth, Florida

We have audited, in accordance with the 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, the consolidated financial statements of Adopt-A-Family of the Palm Beaches, Inc., which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, cash flows, and functional expenses for the year ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 23, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Adopt-A-Family of the Palm Beaches, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Adopt-A-Family of the Palm Beaches, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Adopt-A-Family of the Palm Beaches, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. Given those limitations, during an audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Adopt-A-Family of the Palm Beaches, Inc.'s consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion in the effectives of Adopt-A-Family of the Palm Beaches, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Adopt-A-Family of the Palm Beaches, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies, and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

Holyfield & Thomas, LLC

West Palm Beach, Florida
October 23, 2018

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Adopt-A-Family
of the Palm Beaches, Inc.
Lake Worth, Florida

Report on Compliance for Each Major Federal Program

We have audited Adopt-A-Family of the Palm Beaches, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Adopt-A-Family of the Palm Beaches, Inc.'s major federal programs for the year ended June 30, 2018. Adopt-A-Family of the Palm Beaches, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Adopt-A-Family of the Palm Beaches, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Adopt-A-Family of the Palm Beaches, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Adopt-A-Family of the Palm Beaches, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Adopt-A-Family of the Palm Beaches, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Adopt-A-Family of the Palm Beaches, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Adopt-A-Family of the Palm Beaches, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Adopt-A-Family of the Palm Beaches, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Holyfield & Thomas, LLC

West Palm Beach, Florida
October 23, 2018

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Consolidated Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to consolidated financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance on major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Major programs:	
CFDA Number(s)	14.267
Name of Federal Program or Cluster:	U.S. Department of Housing and Urban Development - Continuum of Care Program
Dollar Threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as a low-risk auditee?	Yes

SECTION II – CONSOLIDATED FINANCIAL STATEMENT FINDINGS

There are no findings or questioned costs reported for the year ended June 30, 2018, relative to financial reporting for Adopt-A-Family of the Palm Beaches, Inc.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no findings or questioned costs reported for the year ended June 30, 2018, relative to federal awards for Adopt-A-Family of the Palm Beaches, Inc.

CORRECTIVE ACTION PLAN

There is no corrective action plan required, as there are no findings or question costs reported for the year ended June 30, 2018.

PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior audit findings or questioned costs for the year ended June 30, 2017, relative to federal awards requiring action on the part of the auditee for that fiscal year.

SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor Program or Cluster Title	CFDA Number / Award Number	Federal Expenditures
U.S. Department of Housing and Urban Development - Office of Community Planning and Development		
Continuum of Care Program:	14.267 /	
Project SAFE II	FL0288L4D051609	$ 172,851
Project SAFE II	FL0288L4D051710	42,798
Bridges to Success	FL0275L4D051507	33,587
Bridges to Success	FL0275L4D051608	193,174
Connecting Youth to Opportunity	FL0664L4D051600	238,867
Passed through from Palm Beach County Housing and Community Development:		
Emergency Solutions Grants Program:	14.231 /	
Emergency Solutions Grant	R2016-1475	28,495
Emergency Solutions Grant	R2017-1545	165,272
Total federal expenditures		$ 875,044

See independent auditor's report and accompanying notes to Schedule of Expenditures of Federal Awards.

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Adopt-A-Family of the Palm Beaches, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

SCHEDULE OF REVENUES AND EXPENSES – OPERATIONS AND CAPITAL PROJECT

For the Year Ended June 30, 2018

	Operations	Capital Project	Totals
Revenues:			
Governmental grants	$ 3,491,959	$ -	$ 3,491,959
United Way allocations	476,712	-	476,712
Contributions	1,204,167	1,807,973	3,012,140
In-kind donations	31,320	-	31,320
Special events	838,984	-	838,984
Rents	467,765	-	467,765
GROW tuition	13,012	-	13,012
Other income	13,428	-	13,428
Total revenues	6,537,347	1,807,973	8,345,320
Expenses:			
Salaries	2,549,743	13,516	2,563,259
Employee benefits	527,145	279	527,424
Payroll taxes	186,889	1,034	187,923
	3,263,777	14,829	3,278,606
Advertising and recruitment	5,509	-	5,509
Building maintenance	172,384	4,043	176,427
Direct fundraising costs	132,601	1,520	134,121
Equipment rental and purchases	1,766	-	1,766
Insurance expense	189,308	-	189,308
Interest expense	9,683	-	9,683
Membership dues	9,852	139	9,991
Office supplies	64,148	7	64,155
Other expenses	7,158	25	7,183
Postage	3,849	-	3,849
Printing	5,450	3,174	8,624
Professional fees	152,479	7,652	160,131
Property and sales tax	27,169	2,772	29,941
Rent	11,869	-	11,869
Specific assistance	1,963,068	-	1,963,068
Telephone	31,826	-	31,826
Training and development	30,699	-	30,699
Travel and transportation	27,169	-	27,169
Utilities	36,002	-	36,002
	6,145,766	34,161	6,179,927
Depreciation	354,339	-	354,339
Total expenses	6,500,105	34,161	6,534,266
Excess of revenues over expenses	$ 37,242	$ 1,773,812	$ 1,811,054

See independent auditor's report.

ADOPT-A-FAMILY
OF THE PALM BEACHES, INC.

For the Year Ended June 30, 2018

	Bridges to Success	Project GROW	Homeless Resource Center	Housing Stabilization Program
Salaries	$ 3,775	$ 290,552	$ 780,056	$ 243,433
Employee benefit	77	65,048	165,255	55,714
Payroll taxes	254	20,711	55,326	17,307
	4,106	376,311	1,000,637	316,454
Advertising and recruitment	-	555	499	862
Building maintenance	-	13,961	240	1,043
Equipment rental and purchases	-	-	-	-
Insurance expense	-	19,953	30,946	21,612
Membership dues	-	424	791	235
Office supplies	-	1,897	31,617	2,529
Other expenses	-	605	90	43
Postage	-	28	194	31
Printing	-	58	179	63
Professional fees	3,775	11,239	34,693	12,129
Property and sales tax	-	747	-	476
Rent	-	545	1,480	592
Specific assistance	218,877	28,614	1,204,145	331,621
Telephone	-	2,037	5,366	2,213
Training and development	-	1,979	4,548	3,072
Travel and transportation	-	1,218	11,608	1,331
Utilities	-	3,037	9,310	3,302
	226,758	463,208	2,336,343	697,608
Depreciation	-	21,006	-	10,406
Total expenses	$ 226,758	$ 484,214	$ 2,336,343	$ 708,014

See independent auditor's report.

NSP2	Project S.A.F.E.	Service Enriched Housing	CLT / Wiley Reynolds Apartments	Mental Health Wellness	Program REACH	Total Program Expenses
$ 71,613	$ 235,766	$ 98,431	$ 14,707	$ 70,604	$ 265,565	$ 2,074,502
14,181	57,110	17,770	5,311	10,912	38,933	430,311
5,082	16,633	7,280	926	5,168	19,372	148,059
90,876	309,509	123,481	20,944	86,684	323,870	2,652,872
189	800	341	56	76	156	3,534
26,177	42,686	43,564	12,090	176	9,560	149,497
-	515	-	-	-	529	1,044
23,749	16,853	11,006	2,579	3,669	12,619	142,986
545	1,676	767	96	46	263	4,843
1,248	4,962	1,881	618	285	3,257	48,294
214	231	273	4	167	36	1,663
117	24	15	4	5	35	453
25	49	32	9	11	73	499
5,756	15,624	7,354	1,867	6,060	12,805	111,302
10,413	5,870	5,881	1,554	81	-	25,022
231	462	302	71	101	604	4,388
9,687	81,026	46,122	8,264	6	34,706	1,963,068
922	6,870	1,954	321	376	7,029	27,088
373	1,781	341	149	774	1,132	14,149
131	2,354	1,266	107	1,991	4,409	24,415
1,288	4,212	3,033	396	561	3,797	28,936
171,941	495,504	247,613	49,129	101,069	414,880	5,204,053
67,830	94,370	53,834	74,423	1,755	8,399	332,023
$ 239,771	$ 589,874	$ 301,447	$ 123,552	$ 102,824	$ 423,279	$ 5,536,076

See independent auditor's report.