

FRIENDSHIP CIRCLE OF MIAMI, INC.

FINANCIAL STATEMENTS

For the Year Ended June 30, 2018

FRIENDSHIP CIRCLE OF MIAMI, INC  
FINANCIAL STATEMENTS

For the Year Ended June 30, 2018

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To the Board of Directors  
Friendship Circle of Miami, Inc.  
Miami, Florida

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Friendship Circle of Miami, Inc. (the "Organization") (a non-profit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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.

*Lanter, Leonardo & DiCrescenzo, LLC*

Lanter, Leonardo & DiCrescenzo, LLC  
Certified Public Accountants  
Boca Raton, Florida  
December 18, 2018

FRIENDSHIP CIRCLE OF MIAMI, INC.  
STATEMENT OF FINANCIAL POSITION  
June 30, 2018

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 90
Grant Receivable	<u>73,995</u>
Total Current Assets	74,085

Other Assets

Campus in Progress	246,896
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Property and Equipment, Less Accumulated Depreciation	<u>76,211</u>
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Total Assets	<u><u>\$ 397,192</u></u>
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LIABILITIES AND NET ASSETS

LIABILITIES

Current Liabilities:

Accounts Payable and Accrued Expenses	\$ 10,976
Payroll Liabilities	<u>160</u>

Total Current Liabilities	<u>11,136</u>
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NET ASSETS

Unrestricted

Available for Operations	222,401
Designated for Property and Equipment	<u>89,660</u>

Total Unrestricted Net Assets	312,061
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Temporarily Restricted	<u>73,995</u>
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Total Net Assets	<u>386,056</u>
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Total Liabilities and Net Assets	<u><u>\$ 397,192</u></u>
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The accompanying notes are an integral part of the financial statements.

FRIENDSHIP CIRCLE OF MIAMI, INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORTS AND REVENUES</b>			
Grant Income	\$ 51,365	\$ -	\$ 51,365
Contribution Income	164,657	-	164,657
In-Kind Contribution	-	73,995	73,995
Program Fees	35,545	-	35,545
Fundraising	118,936	-	118,936
Interest Income	<u>21</u>	<u>-</u>	<u>21</u>
Total Revenues	<u>370,524</u>	<u>73,995</u>	<u>444,519</u>
<b>EXPENSES</b>			
Program Services:			
Community Services	275,985	-	275,985
Supporting Services:			
Management	42,839	-	42,839
Fundraising	<u>2,669</u>	<u>-</u>	<u>2,669</u>
Total Expenses	<u>321,493</u>	<u>-</u>	<u>321,493</u>
Change in Net Assets	<u>49,031</u>	<u>73,995</u>	<u>123,026</u>
Net Assets - July 1, 2017	<u>263,030</u>	<u>-</u>	<u>263,030</u>
Net Assets - June 30, 2018	<u>\$ 312,061</u>	<u>\$ 73,995</u>	<u>\$ 386,056</u>

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

FRIENDSHIP CIRCLE OF MIAMI, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2018

	Program Services	Supporting Services		Total Expenses
	Community Services	Management and General	Fundraising	
Advertising and Marketing	\$ 12,623	\$ -	\$ -	\$ 12,623
Assistance - Non Payroll	1,030	-	-	1,030
Charity	348	-	-	348
Entertainment and Workshops	6,712	-	-	6,712
Equipment Rental and Maintenance	11,256	-	-	11,256
Fundraising	264	-	-	264
Miscellaneous and Other	411	-	-	411
Food and Supplies	4,181	-	-	4,181
Supplies: General	9,470	-	-	9,470
Supplies: Gifts	2,084	-	-	2,084
Therapist	21,106	-	-	21,106
Transportation	2,443	-	-	2,443
Payroll	125,433	5,338	2,669	133,440
Auto	-	4,486	-	4,486
Banking and Other Fees	-	3,285	-	3,285
Insurance	-	780	-	780
Office Supplies	-	4,430	-	4,430
Postage and Shipping	-	528	-	528
Professional Fees	-	19,891	-	19,891
Travel and Meetings	-	1,199	-	1,199
Occupancy	69,658	2,902	-	72,560
Depreciation	8,966	-	-	8,966
 Total Expenses	 <u>\$ 275,985</u>	 <u>\$ 42,839</u>	 <u>\$ 2,669</u>	 <u>\$321,493</u>

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

FRIENDSHIP CIRCLE OF MIAMI, INC.  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 123,026
Adjustment to reconcile change in net assets to net cash (used in) operating activities:	
Depreciation	8,966
In-Kind Contribution for Property and Equipment	(89,660)
(Increase) in Operating Assets:	
Grant Receivable	(73,995)
Increase in Operating Liabilities:	
Accounts Payable and Accrued Expenses	1,972
Payroll Liabilities	<u>160</u>
Net Cash (Used in) Operating Activities	<u>(29,531)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Increase (Decrease) in Investing Activities:	
Contribution of Property and Equipment	89,660
Campus in Progress	<u>(55,865)</u>
Net Cash Provided by Investing Activities	<u>33,795</u>
Net Increase in Cash and Cash Equivalents	4,264
Cash - Beginning of the Year	<u>(4,174)</u>
Cash - End of the Year	<u><u>\$ 90</u></u>

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

FRIENDSHIP CIRCLE OF MIAMI, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization – Friendship Circle of Miami, Inc. (“Organization”) is a non-profit organization established in July 2006 in the State of Florida. The Friendship Circle of Miami is a non-profit community based volunteer organization dedicated to offering friendship and acceptance to children, teens, and young adults with special needs regardless of their disability while empowering teenage and young adult volunteers by building their leadership skills as they foster the values of altruism and volunteerism. Through the mission of the Friendship Circle of Miami, they are committed to providing respite and imparting renewed strength, comfort and peace of mind to the parents of these special children while simultaneously heightening the community’s awareness, sensitivity and sense of responsibility to individuals with special needs, ultimately embracing them.

2. Basis of Presentation – The organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

3. Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

4. Revenue Recognition – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of restriction. 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.

The Organization receives grants from various local corporations and individuals and other organizations for services provided to individuals and recognizes the income when earned. The Organization has a major fundraising event called Walking 4 Friendship that generates a significant amount of support every year.

5. Property and Equipment – Property and equipment are recorded at cost or, if donated, at approximate fair value at date of donation. Depreciation is computed using primarily the straight-line method over the useful lives of the assets.

6. Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

7. Income Taxes – The Organization is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). The tax years ending 2013-2017 are still open to audit for federal purposes. Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The organization is not classified as a private foundation.



FRIENDSHIP CIRCLE OF MIAMI, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Cash and Cash Equivalents – For purposes of the June 30, 2018 statement of financial position and the related cash flows for the year ended June 30, 2018, the Organization considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Organization’s deposits did not exceed the federal depository insurance limits as of June 30, 2018. The Organization has not experienced any losses in these accounts.

9. Contributed Services – The Organization receives a substantial amount of services donated by volunteers and its members. No amount has been reflected in the financial statements for those services since they do not meet the criteria for recognition under FASB ASC 958-605-25-16, *Accounting for Contributions Received and Contributions Made*.

10. Fair Value of Financial Instruments – The fair value of the Organization’s short-term financial instruments, including cash and cash equivalents, accounts payable and accrued expenses approximate their carrying amounts due to the short maturity of these instruments.

NOTE B - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Expenses that can be identified with a specific program or that relate to a specific source of revenue are allocated directly to that program.

NOTE C - CONTINGENCY

The Organization receives financial assistance from the Chabad Center of Kendall and other organizations in the form of grants and contributions. The disbursement of funds received under those programs generally require compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Organization. However, in the opinion of management, such disallowance of claims, if any, would not have a material effect on the overall financial position of Organization at June 30, 2018.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2018:

Vehicle	\$ 89,660
Less: Accumulated Depreciation	<u>(13,449)</u>
	<u>\$ 76,211</u>

The vehicle is being depreciated over its useful life of 10 years. Depreciation expense was \$8,966 for the year ended June 30, 2018.

FRIENDSHIP CIRCLE OF MIAMI, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE E- CAMPUS IN PROGRESS

In 2016, the Organization began planning and fundraising for an estimated \$9 million campus re-development campaign to expand facilities with an Activity Center and Educational Center. This campus will offer 20,000 square-feet of space, which will serve as an activity center, social meeting place, and hub for the network of families, individuals with special needs, volunteers, professional staff, and supporters. As of June 30, 2018, the costs for initial program planning, architectural and campus design and start-up of identified growth objectives are as follows:

Architect	\$ 95,652
Interior Designer	7,500
Legal	95,696
Marketing and Outreach	29,298
Owners Representation	<u>18,750</u>
Total	<u>\$ 246,896</u>

NOTE F- FEDERAL GRANT AWARD AND GRANT RECEIVABLE

In fiscal year 2015-2016, under the Federal Transit Administration’s Section 5310 Program, the Organization was awarded a federal assistance grant of \$161,500 from the Florida Department of Transportation Freight Passengers and Logistics Unit (the “Department”) to obtain two vehicles and vehicle wraps. The Department is responsible for purchasing all vehicles awarded and the Organization is responsible for 10% local match towards the total project costs. The Department maintains a lien on the vehicles for 10 years or 100,000 miles used on the vehicles, whichever occurs first. As of June 30, 2018, the Organization has received the first awarded vehicle and vehicle wrap. At the request of the Organization, the first notice of grant award (NOGA) issued on May 10, 2016 for the second vehicle was amended and the new amount awarded is \$73,995 (see Note G) per the NOGA dated March 1, 2018. The Organization anticipates receiving the second vehicle in the next fiscal year 2018-2019.

NOTE G - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets include grants, gifts and pledges that are subject to donor-imposed restrictions that expire with the passage of time, payment of pledges, incurring expenses satisfying the restricted purpose or specific actions to be undertaken by the Organization, which are then released and reclassified to unrestricted net assets. Donor-restricted resources intended for capital projects are initially recorded as temporarily restricted and released from their temporary restrictions and reclassified as unrestricted net assets when the asset is placed in service. Temporarily restricted net assets totaled \$73,995, which includes the amount awarded for the second vehicle (see Note F).

NOTE H- RELATED PARTY

The Organization reimburses the Chabad Center of Kendall \$6,000 monthly for facilities usage, which includes rent, cleaning, phones, internet, utilities and office supplies. In addition, certain directors and officers of the Organization are also affiliated with the Chabad Center of Kendall, which contributed \$58,835 in the fiscal year ended June 30, 2018.

The campus re-development campaign (see Note E) is a shared endeavor between the Organization and the Chabad of Kendall. The allocation of building costs and fundraising efforts will be shared based on usage by each entity. The project contributions and expenditures will be classified on each entity’s respective accounting records.

FRIENDSHIP CIRCLE OF MIAMI, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE I - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, Organization has evaluated subsequent events and transactions after the balance sheet date of June 30, 2018 through December 18, 2018, which was the date the financial statements were available to be issued and determined that there were no such matters that are required to be disclosed.