

**COLLEGE FOR KIDS, INC.**  
**D/B/A**  
**TAKE STOCK IN CHILDREN PALM BEACH COUNTY**

---

Financial Statements

June 30, 2017

## CONTENTS

	<b>Page</b>
<b>Independent Auditor's Report</b> .....	1 – 2
<b>Financial Statements</b>	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Cash Flows.....	5
Statement of Functional Expenses.....	6
<b>Notes to Financial Statements</b> .....	7 – 13
<b>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</b> .....	14 – 15

*Robbins and Landino, P.A.*  
*Certified Public Accountants*

Accounting and Auditing  
Taxation and Consulting

222 Southeast Tenth Street  
Fort Lauderdale, Florida 33316

Telephone: (954) 467-3100  
Facsimile: (954) 467-2080

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
College for Kids, Inc. d/b/a Take Stock in Children Palm Beach County

We have audited the accompanying financial statements of College for Kids, Inc. d/b/a Take Stock in Children Palm Beach County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017 and the related statements of activities, cash flows and functional expenses 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that 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 upon 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.

**INDEPENDENT AUDITOR'S REPORT**  
**(continued)**

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of College for Kids, Inc. d/b/a Take Stock in Children Palm Beach County as of June 30, 2017 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 November 2, 2017, on our consideration of College for Kids, Inc. d/b/a Take Stock in Children Palm Beach County'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 the 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 College for Kids, Inc. d/b/a Take Stock in Children Palm Beach County's internal control over financial reporting and compliance.

**ROBBINS and LANDINO, P.A.**  
Certified Public Accountants

*Robbins and Landino, P.A.*

Fort Lauderdale, Florida  
November 2, 2017

**COLLEGE FOR KIDS, INC.  
D/B/A TAKE STOCK IN CHILDREN PALM BEACH COUNTY**

Statement of Financial Position  
June 30, 2017

**Assets**

**Current Assets**

Cash and Cash Equivalents	\$ 1,125,336
Grants Receivable	184,399
Prepaid Expenses	<u>9,849</u>
<b>Total Current Assets</b>	<u>1,319,584</u>

**Non-current Assets**

Prepaid Tuition	3,608,728
Deposits	2,500
Property and Equipment	<u>1,552</u>
<b>Total Non-current Assets</b>	<u>3,612,780</u>

**Total Assets** \$ 4,932,364

**Liabilities and Net Assets**

**Current Liabilities**

Accounts Payable	\$ 20,352
Tuition Payable	<u>20,901</u>
<b>Total Liabilities</b>	<u>41,253</u>

**Net Assets**

Unrestricted	4,315,336
Temporarily Restricted	<u>575,775</u>
<b>Total Net Assets</b>	<u>4,891,111</u>

**Total Liabilities and Net Assets** \$ 4,932,364

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

**COLLEGE FOR KIDS, INC.**  
**D/B/A TAKE STOCK IN CHILDREN PALM BEACH COUNTY**

Statement of Activities  
For the Year Ended June 30, 2017

**Unrestricted Net Assets**

**Public Support and Revenues**

Grants and Contributions	\$ 977,567
Fundraising Events Income	476,958
Less: Fundraising Events Expenses	(174,738)
Miscellaneous	3,047
Contributed Services and Facility	175,693
Net Assets Released from Restrictions	<u>252,172</u>
<b>Total Public Support and Revenues</b>	<u>1,710,699</u>

**Expenses**

Program Services	1,112,219
General and Administrative	108,623
Fundraising	<u>160,687</u>
<b>Total Expenses</b>	<u>1,381,529</u>

**Change in Unrestricted Net Assets** 329,170

**Temporarily Restricted Net Assets**

Contributions	407,858
Net Assets Released from Restrictions	<u>(252,172)</u>

**Change in Temporarily Restricted Net Assets** 155,686

**Change in Net Assets** 484,856

**Net Assets, Beginning of Year** 4,406,255

**Net Assets, End of Year** \$ 4,891,111

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

**COLLEGE FOR KIDS, INC.  
D/B/A TAKE STOCK IN CHILDREN PALM BEACH COUNTY**

Statement of Cash Flows  
For the Year Ended June 30, 2017

<b>Cash Flows from Operating Activities</b>	
Change in Net Assets	\$ 484,856
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities:	
Depreciation	609
Change in Present Value Discount for Prepaid Tuition	44,799
Changes in Assets and Liabilities:	
Decrease in Grants Receivable	18,854
Decrease in Prepaid Expenses	4,633
Increase in Prepaid Tuition	(174,047)
Increase in Accounts Payable	14,977
Decrease in Tuition Payable	<u>(3,750)</u>
<b>Net Cash Flows from Operating Activities</b>	<u>390,931</u>
<b>Net Change in Cash and Cash Equivalents</b>	390,931
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>734,405</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,125,336</u>

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

**COLLEGE FOR KIDS, INC.  
D/B/A TAKE STOCK IN CHILDREN PALM BEACH COUNTY**

Statement of Functional Expenses  
For the Year Ended June 30, 2017

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Payroll and Benefits	\$ 345,711	\$ 66,712	\$ 150,074	\$ 562,497
Scholarships	480,694			480,694
Mentoring	183,405			183,405
Occupancy	45,301	12,080	3,020	60,401
Travel	18,217	850	537	19,604
Telephone and Communications	10,949	2,113	4,753	17,815
Professional Fees		12,500		12,500
Office	3,349	8,185	363	11,897
Insurance	6,759	3,603	450	10,812
Student Advocacy	8,880			8,880
Postage and Printing	6,662	1,255	417	8,334
Contractors and Consultants	792	455	181	1,428
Dues and Subscriptions	661	524	17	1,202
Depreciation	457	122	30	609
Outreach and Promotion	2	108	433	543
Licenses and Fees		116	412	528
Student Supplies	380			380
	<u>\$ 1,112,219</u>	<u>\$ 108,623</u>	<u>\$ 160,687</u>	<u>\$ 1,381,529</u>

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



1. **NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization:** College for Kids, Inc., d/b/a Take Stock in Children of Palm Beach ("TSIC") is a Florida non-profit corporation organized to promote personal worth, self-responsibility and academic success for deserving children from low-income families by providing a unique set of resources including mentors, scholarships, long-term support, student advocacy and a guaranteed educational opportunity.

**Basis of Accounting:** TSIC's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Date of Management's Review:** In preparing the financial statements, TSIC has evaluated events and transactions for the potential recognition or disclosure through November 2, 2017, the date that the financial statements were issued.

**Cash and Cash Equivalents:** For purposes of the statement of cash flows, TSIC considers interest-bearing cash accounts with an original maturity of three months or less to be cash equivalents.

**Grants Receivable:** Grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants and accounts receivable. At June 30, 2017, there was no valuation allowance for uncollectible amounts because management considered all grants receivable to be fully collectible. Changes in the valuation allowance have not been material to the financial statements.

**Property and Equipment:** Property and equipment is stated at cost. Depreciation is computed on the straight-line basis over the expected useful lives of the assets. Maintenance expenses are charged to expense as incurred.

**Functional Allocation of Expenses:** The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes:** As a non-profit corporation, qualified under Section 501(c)(3) of the Internal Revenue Code, TSIC is exempt from corporate income taxation on income related to its exempt function. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Organization has not incurred any interest or penalties on its income tax returns.

1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES  
(continued)

The Organization's returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

**Use of Estimates:** The preparation of 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. Accordingly, actual results could differ from those estimates.

**Fair Value of Financial Instruments:** Cash equivalents, grants receivable, prepaid expenses, accounts payable and tuition payable are reflected in the financial statements at cost, which approximates fair value because of their short-term nature.

**Financial Statement Presentation:** Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted - Includes amounts which have no external restrictions and which are available for support of current operations.

Temporarily Restricted - Includes amounts, which have donor-restrictions that can be fulfilled by actions of TSIC pursuant to those restrictions or restrictions that expire by the passage of time.

**Contributions:** Contributions are recorded as unrestricted or temporarily restricted support depending on the existence and/or nature of any donor restrictions. Time-restricted and purpose-restricted contributions are required to be reported as temporarily restricted support. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

TSIC solicits contributions for the purpose of purchasing prepaid tuition credits from the State of Florida and providing financial assistance for the mentoring program for students awarded the prepaid tuition (the "scholarship program"). The contribution amount received for the scholarship program that is attributed to purchasing the prepaid tuition credits is purpose-restricted and released from restriction at the time of purchase. The contribution amount received for the scholarship program that is attributed to mentoring is time-restricted and released from restriction over the estimated time period beginning on the date the prepaid tuition is awarded and ending on the expected date the student will begin college.

1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES  
(continued)

**Contributed Services and Facility:** Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. Contributed facility is also recorded at their fair value in the period received.

**Prepaid Tuition:** TSIC participates in the Florida Prepaid College Foundation (the "Foundation") "STARS" Scholarship Project (Stanley Tate Project "Scholarship Tuition for At-Risk Students") whereby TSIC purchases scholarship plans and pays 50% of the scholarship plan contract price. The Foundation provides the remaining 50% of the contract price as a match. The scholarship plans are assigned by TSIC to eligible students, defined as designated beneficiaries, who meet the standards specified in TSIC's scholarship program. These scholarships are assets of TSIC until such time that designated beneficiaries have exhausted tuition credit hours or expire. TSIC maintains an accounting for tuition credit hours and recognizes the tuition expense based on credit hours used by the designated beneficiaries. The amounts recognized by TSIC as assets and expenses are based on its 50% share of the scholarship plan contract price as adjusted to reflect the fair value of the unused tuition credits determined by the Foundation at June 30, 2017. In the event of cancellation or termination of scholarship plans, TSIC is entitled to a credit from the Foundation based on TSIC's share of the value of the unused tuition credit hours available.

**Scholarship Expense:** Scholarship expense is based upon TSIC scholarships credit hours used by the designated beneficiaries net of the change in fair value of the unused tuition credits.

Scholarship expense for the year ended June 30, 2017 is as follows:

Scholarships	\$ 435,895
Change in Fair Value of Florida Prepaid Tuition Credits	44,799
	<u>\$ 480,694</u>

2. PROPERTY AND EQUIPMENT

At June 30, 2017, property and equipment consisted of:

Furniture and Equipment	\$ 20,143
Less: Accumulated Depreciation	(18,591)
	<u>\$ 1,552</u>

COLLEGE FOR KIDS, INC.  
D/B/A TAKE STOCK IN CHILDREN PALM BEACH COUNTY  
Notes to Financial Statements  
June 30, 2017

3. **RESTRICTIONS ON ASSETS**

Temporarily restricted net assets are available for the following purposes:

Mentoring and Support	\$ 436,717
Scholarship	65,558
Special Event	6,000
For Future Periods	<u>67,500</u>
	<u>\$ 575,775</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows:

Scholarships and Mentoring	\$ 188,172
Special Event	5,000
Passage of Specified Time	<u>59,000</u>
	<u>\$ 252,172</u>

4. **CONCENTRATIONS OF CREDIT RISK**

Financial instruments which potentially subject TSIC to concentrations of credit risk consist primarily of cash equivalents and unsecured receivables. TSIC's ability to collect these receivables is dependent upon economic conditions and the financial condition of its customers. TSIC has not experienced significant losses related to receivables. Management believes no additional credit risk is inherent in TSIC's grants receivable.

At June 30, 2017, TSIC had approximately \$1,125,300 in cash, of which \$584,500 was in excess of the federally insured limits.

5. **COMMITMENTS AND CONTINGENCIES**

**Leases:** TSIC has entered into an addendum to its original office lease agreement dated July 1, 2011 whereby the terms of the agreement have been extended to July 31, 2021. TSIC also leases office equipment under operating leases expiring in June 2018. Rental expense for the operating leases totaled \$32,687 for the year ended June 30, 2017.

Future minimum lease payments are as follows:

Year Ending June 30,	2018	\$ 33,526
	2019	29,650
	2020	30,539
	2021	31,456
	2022	<u>2,627</u>
		<u>\$ 127,798</u>

**6. CONTRIBUTED SERVICES AND FACILITIES**

The value of contributed services and facilities included in the financial statements for the year ended June 30, 2017 is as follows:

<b><u>Revenue</u></b>		
Mentoring		\$ 151,593
Rent		24,100
		<u>\$ 175,693</u>
<b><u>Expenses</u></b>		
Program Services		\$ 169,668
General and Administrative		4,820
Fundraising		1,205
		<u>\$ 175,693</u>

**7. RETIREMENT PLAN**

TSIC has established a Simple IRA Plan for all eligible employees. Participation in the plan by the employee is voluntary. TSIC is required to make a matching contribution equal to the employee's elective salary deferral up to a limit of 3% of the employee's compensation. The retirement plan expense was \$12,269 for the year ended June 30, 2017.

**8. FAIR VALUE MEASUREMENTS**

Accounting Standards Codification 820 ("ASC 820"), Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical issues or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that TSIC has the ability to access.
- Level 2      Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;

**8. FAIR VALUE MEASUREMENTS (continued)**

- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value on a recurring basis:

**Prepaid Tuition:** The value is determined by the number of prepaid tuition credit hours purchased less the prepaid credit hours used, adjusted for the present value of the prepaid tuition credit hours as calculated by the Florida Prepaid College Foundation taking into consideration the type of scholarship purchased, the credit hours available and the expected matriculation date of the student.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while TSIC believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the TSIC's asset at fair value as of June 30, 2017:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Prepaid Tuition	\$ 3,608,728	\$ _____	\$ _____	\$ 3,608,728

COLLEGE FOR KIDS, INC.  
D/B/A TAKE STOCK IN CHILDREN PALM BEACH COUNTY  
Notes to Financial Statements  
June 30, 2017

8. FAIR VALUE MEASUREMENTS (continued)

**Level 3 Gains and Losses**

The table below sets forth a summary of changes in the fair value of the TSIC's Level 3 asset for the year ended June 30, 2017:

	<u>Prepaid Tuition</u>
Balance, Beginning of Year	\$ 3,479,480
Prepaid Tuition Credits Purchased	606,942
Tuition Credits Used	(432,895)
Change in Present Value Discount	<u>(44,799)</u>
Balance, End of Year	<u>\$ 3,608,728</u>

Changes in the fair value of the TSIC's Level 3 liabilities for the period are reported in the statement of activities as follows:

Program Services	
Tuition Credit Used	\$ 432,895
Change in Present Value Discount	<u>44,799</u>
	<u>\$ 477,694</u>

*Robbins and Landino, P.A.*  
*Certified Public Accountants*

Accounting and Auditing  
Taxation and Consulting

222 Southeast Tenth Street  
Fort Lauderdale, Florida 33316

Telephone: (954) 467-3100  
Facsimile: (954) 467-2080

**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**

Board of Directors  
College for Kids, Inc. d/b/a Take Stock in Children Palm Beach County

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 of the United States, the financial statements of College for Kids, Inc. d/b/a Take Stock in Children Palm Beach County ("TSIC"), (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017 and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 2, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the TSIC'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the TSIC's internal control. Accordingly, we do not express an opinion on the effectiveness of the TSIC'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 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 not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weakness may exist that have not been identified.



**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  
(continued)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the TSIC's financial statements are free from 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 on the effectiveness of the TSIC's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the TSIC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**ROBBINS and LANDINO, P.A.**  
Certified Public Accountants

*Robbins and Landino, P.A.*

Fort Lauderdale, Florida  
November 2, 2017