



FOOD FOR THE POOR, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2015

FOOD FOR THE POOR, INC.

TABLE OF CONTENTS

Financial Statements:

Independent Auditors' Report	1
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7



INDEPENDENT AUDITORS' REPORT

Board of Directors and Audit Committee
Food for the Poor, Inc.
Coconut Creek, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Food for the Poor, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2015, 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.

Auditors' 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 on the auditors' 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 Food for the Poor, Inc. as of December 31, 2015, 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 Matters

Report on Summarized Comparative Information

We have previously audited Food for the Poor, Inc.'s December 31, 2014 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 30, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2016 on our consideration of the Organization'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 the Organization's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Mayer Hoffman McCann P.C.".

Boca Raton, Florida
March 29, 2016

FOOD FOR THE POOR, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2015
(With Comparative Totals as of December 31, 2014)

	2015	2014
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 10,938,012	\$ 12,679,110
Promises to give, net	842,548	889,150
Other receivable	72,000	145,965
Goods pending distribution	267,318	531,029
Prepaid expenses	575,185	437,783
Other assets	107,161	357,131
TOTAL CURRENT ASSETS	12,802,224	15,040,168
PROPERTY, BUILDING AND EQUIPMENT, at cost, less accumulated depreciation	15,366,995	15,386,119
TOTAL ASSETS	\$ 28,169,219	\$ 30,426,287
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 4,850,115	\$ 6,021,988
Current portion of mortgage payable	-	724,092
TOTAL CURRENT LIABILITIES	4,850,115	6,746,080
LONG-TERM DEBT, less current portion above	-	181,019
TOTAL LIABILITIES	4,850,115	6,927,099
NET ASSETS		
Unrestricted:		
Designated for special projects	8,905,108	8,965,435
Undesignated	13,536,699	13,602,665
Total unrestricted	22,441,807	22,568,100
Temporarily restricted	877,297	931,088
TOTAL NET ASSETS	23,319,104	23,499,188
TOTAL LIABILITIES AND NET ASSETS	\$ 28,169,219	\$ 30,426,287

See Notes to Financial Statements

FOOD FOR THE POOR, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	Unrestricted	Temporarily Restricted	Totals	
			2015	2014
SUPPORT AND REVENUE				
Contributions:				
Cash	\$ 123,149,627	\$ 10,175	\$ 123,159,802	\$ 121,688,024
Donated goods	1,033,332,213	-	1,033,332,213	789,508,240
Promises to give	637,160	1,592,625	2,229,785	2,075,255
Investment earnings	18,904	-	18,904	35,776
Other income	127,459	-	127,459	89,539
Net assets released from restrictions	1,656,591	(1,656,591)	-	-
TOTAL SUPPORT AND REVENUE	1,158,921,954	(53,791)	1,158,868,163	913,396,834
EXPENSES				
Program services:				
Educational programs	4,717,936	-	4,717,936	6,175,360
Goods and aid supplied	1,112,311,143	-	1,112,311,143	867,430,851
Total program services	1,117,029,079	-	1,117,029,079	873,606,211
Supporting services:				
Fundraising	33,985,033	-	33,985,033	32,544,396
Management and general	8,034,135	-	8,034,135	7,687,613
Total supporting services	42,019,168	-	42,019,168	40,232,009
TOTAL EXPENSES	1,159,048,247	-	1,159,048,247	913,838,220
CHANGE IN NET ASSETS	(126,293)	(53,791)	(180,084)	(441,386)
NET ASSETS - Beginning	22,568,100	931,088	23,499,188	23,940,574
NET ASSETS - Ending	\$ 22,441,807	\$ 877,297	23,319,104	\$ 23,499,188

See Notes to Financial Statements

FOOD FOR THE POOR, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	Program Services			Supporting Services			Totals	
	Educational Programs	Goods and Aid Supplied	Total	Fundraising Expenses	Management and General Expenses	Total	2015	2014
Food, medical and other commodities	\$ -	\$ 1,050,463,592	\$ 1,050,463,592	\$ -	\$ -	\$ -	\$ 1,050,463,592	\$ 806,070,562
Grants and other assistance	-	35,562,459	35,562,459	-	-	-	35,562,459	33,742,579
Salaries and related expenses	3,130,930	4,633,581	7,764,511	11,462,236	5,206,387	16,668,623	24,433,134	23,650,441
Freight	-	20,737,263	20,737,263	-	-	-	20,737,263	22,275,353
Printed materials and publicity	129,303	26,155	155,458	13,182,744	41,466	13,224,210	13,379,668	13,493,261
Postage	21,313	45,288	66,601	7,899,175	19,934	7,919,109	7,985,710	8,109,194
Travel	1,277,358	344,179	1,621,537	665,540	88,909	754,449	2,375,986	2,376,909
Other office expenses	59,470	66,052	125,522	76,756	779,368	856,124	981,646	909,223
Professional services	9,434	49,113	58,547	212,353	394,938	607,291	665,838	699,099
Depreciation	5,624	118,097	123,721	73,108	345,279	418,387	542,108	535,655
Office supplies	14,521	16,089	30,610	109,343	108,740	218,083	248,693	257,640
Data processing	4,649	11,152	15,801	87,942	136,657	224,599	240,400	382,813
Repairs and maintenance	4,571	97,546	102,117	62,298	66,564	128,862	230,979	257,631
Insurance	-	-	-	1,486	200,103	201,589	201,589	206,998
Courier and miscellaneous freight	52,978	50,649	103,627	64,804	4,621	69,425	173,052	158,371
Telephone	5,017	31,807	36,824	51,269	56,628	107,897	144,721	160,404
Occupancy	2,576	54,087	56,663	33,482	38,634	72,116	128,779	133,649
Interest	192	4,034	4,226	2,497	47,442	49,939	54,165	38,166
Total expenses before uncollectible pledges	4,717,936	1,112,311,143	1,117,029,079	33,985,033	7,535,670	41,520,703	1,158,549,782	913,457,948
Uncollectible pledges	-	-	-	-	498,465	498,465	498,465	380,272
Total expenses	\$ 4,717,936	\$ 1,112,311,143	1,117,029,079	\$ 33,985,033	\$ 8,034,135	\$ 42,019,168	\$ 1,159,048,247	\$ 913,838,220

See Notes to Financial Statements

FOOD FOR THE POOR, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (180,084)	\$ (441,386)
Adjustments to reconcile change in net assets to net cash		
Depreciation	542,108	535,655
Loss on disposal of fixed assets	2,559	-
Provision for losses on promises to give	498,465	380,272
Decrease (increase) in operating assets:		
Promises to give	(451,863)	(528,389)
Other receivable	73,965	(145,965)
Goods pending distribution	263,711	33,094
Prepaid expenses	(137,402)	259,789
Other assets	249,970	(77,261)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(1,171,873)	1,308,938
NET CASH FLOWS FROM OPERATING ACTIVITIES	(310,444)	1,324,747
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(525,543)	(577,456)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(525,543)	(577,456)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on mortgage payable	(905,111)	(724,090)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(905,111)	(724,090)
NET (DECREASE) INCREASE IN CASH	(1,741,098)	23,201
CASH, BEGINNING OF YEAR	12,679,110	12,655,909
CASH, END OF YEAR	\$ 10,938,012	\$ 12,679,110
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 54,165	\$ 38,166

See Notes to Financial Statements

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Nature of activities and summary of significant accounting policies

Nature of activities - Food for the Poor, Inc. (the "Organization") is a not-for-profit corporation engaged in the collection and distribution of money, food, clothing, medicine and other goods to improve the health, economic and social conditions of indigent poor throughout the world. Activities are concentrated in the Caribbean and Latin America.

Food for the Poor of Canada, Inc. ("FFP - Canada") is a not-for-profit organization incorporated under the laws of Canada. Its purpose is to help those less fortunate in the Caribbean and Latin America by providing food, shelter and other basic needs. FFP - Canada is affiliated to the Organization by common control because two officers of the Organization are also directors of FFP - Canada. Consolidated statements have not been prepared since the economic interest that is provided to FFP - Canada is not deemed material to the results of the Organization. In 2015, the Organization provided a grant and other financial support of approximately \$74,000 to support the operations of FFP - Canada.

Basis of accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

The Organization reports 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. The Organization had no permanently restricted net assets as of December 31, 2015.

Basis of presentation - The Organization primarily classifies program services into the following categories:

Goods and Aid Supplied Program - The Organization distributes the majority of its contributions directly to programs that help the poor.

Educational Programs - The Organization, as part of its mission, also educates the general public about the specific conditions of the poor located in the assisted regions.

Allocation of joint costs - The Organization follows accounting standards generally accepted in the United States of America ("U.S. GAAP") for accounting for costs of activities of not-for-profit organizations that include fundraising. It establishes financial accounting standards for the accounting for costs of joint activities to be charged appropriately to the program, supporting services and to fundraising.

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Nature of activities and summary of significant accounting policies (continued)

Cash equivalents - The Organization considers all highly liquid investments, except for those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents.

The Organization had no cash equivalents at December 31, 2015.

Goods pending distribution - The Organization's goods that are pending distribution consist of both donated and purchased goods. Donated goods are valued at their estimated fair value at the date of donation and the purchased goods are stated at cost at the time of purchase. At December 31, 2015, the Organization had \$267,318 of goods pending distribution.

Property, building and equipment - Acquisitions of property, building and equipment in excess of \$1,500 and expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of the assets are capitalized. Property, building and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Land is reported at cost. When assets are sold or retired, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is recognized currently. Other repairs and maintenance are charged to expense as incurred.

Donations of property, building and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose.

Contributions - Contributions are recorded as unrestricted, temporarily restricted or permanently restricted, depending on the donor intent.

Contributed services are recognized as contributions at their estimated fair value, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Services provided by volunteers throughout the year are not recognized as contributions in the financial statements since these services are not susceptible to objective measurement or valuation.

The Organization classifies contributions received with restrictions where the restrictions are satisfied in the same reporting period as unrestricted contributions.

Promises to give - Contributions are recognized at fair value when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets.

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Nature of activities and summary of significant accounting policies (continued)

Promises to give (continued)

The Organization uses the allowance method to determine the estimated unconditional promises receivable that are doubtful of collection. The allowance is based on prior years' experience and management's analysis of specific promises made. The Organization also discounts to present value the estimated future cash flows using an appropriate market rate of interest for its promises to give greater than one year. Therefore, promises to give are recorded at their net realizable value.

Gifts-in-kind - Gifts-in-kind ("GIK") received through private donations are recorded and valued as revenue at their estimated fair value based upon the Organization's estimate of the wholesale values that would be received for selling the goods in their principal market.

Non-pharmaceutical GIK contributions received are valued at their estimated wholesale value as provided by the donor or, in the absence of the donor's reasonable valuation, estimated by the Organization using like-kind analyses and past donation history.

Pharmaceutical GIK contributions received are valued using costing data acquired from recognized and published resources and are valued at their estimated wholesale acquisition cost ("WAC") on a drug by drug basis. If WAC is not available in any published source, the Organization will refer to the donor's value. This valuation policy most resembles one used by a wholesale distributor of goods, which is the market role the Organization has in the acquisition and shipment of pharmaceutical donations. Pharmaceutical GIK contributions acquired from non-U.S. donors for products legally permissible to be sold outside the United States are valued in U.S. dollars based upon the wholesale market price of the countries representing the principal exit markets for those products.

GIK expenses are recorded when the goods are shipped for program use.

Freight - Shipping and handling costs are included in goods pending distribution in the accompanying statement of financial position upon receipt of goods and are expensed and included in goods and aid supplied in the accompanying statement of activities upon the shipment to recipients.

Advertising - Advertising costs are expensed as incurred and were \$423,266 for the year ended December 31, 2015 and are included with printed materials and publicity in the accompanying statement of functional expenses.

Use of estimates - The accompanying financial statements have been prepared in conformity with U.S. GAAP. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Nature of activities and summary of significant accounting policies (continued)

Use of estimates (continued)

assumptions and estimates. The most significant of these estimates relates to the estimation of the fair value of GIK, the allocation of joint costs, and the allowance for uncollectible promises to give. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Income taxes - The Organization is a not-for-profit organization and a public charity, as described in Section 501(c)(3) and 509(a) of the Internal Revenue Code, and is exempt from Federal income taxes, except that unrelated business income is taxable. The Organization had no unrelated business income tax during the year ended December 31, 2015.

U.S. GAAP requires management to evaluate tax positions taken and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of December 31, 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. If the Organization were to incur an income tax liability in the future, interest and penalties would be reported as income taxes. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Organization is no longer subject to income tax examinations for the years prior to 2012.

Comparative data - 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014 from which the summarized information was derived.

(2) Concentrations of risk

Financial instruments, which potentially subject the Organization to concentrations of risk, consist principally of cash and support from major contributors.

Cash - As of December 31, 2015, the Organization had cash balances of \$6,532,195 in excess of federally insured limits. The Organization maintains its cash with high quality financial institutions which the Organization believes limits its risks.

Support from major contributors - The Organization received approximately 46% of total support and revenue from two donors during 2015. These contributions were in the form of donated goods.

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

(3) Promises to give

At December 31, 2015, promises to give consist of the following:

Receivable in less than one year	\$	712,910
Receivable in one to five years		558,179
Receivable in more than five years		<u>34,339</u>
Total promises to give		1,305,428
Less: allowance for uncollectible promises to give		(450,000)
Less: discount to present value		<u>(12,880)</u>
Net promises to give	\$	<u><u>842,548</u></u>

Promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 1.31%.

(4) Property, building and equipment

At December 31, 2015, property, building and equipment consist of the following:

		<u>Estimated Useful Lives</u>
Land	\$ 6,140,388	-
Land improvements	975,630	20 years
Building	9,977,061	40 years
Furniture and fixtures	710,537	7 years
Equipment	2,029,414	5-10 years
Vehicles	<u>275,328</u>	5 years
	20,108,358	
Less: accumulated depreciation	<u>4,741,363</u>	
Total property, building and equipment, net	<u><u>\$ 15,366,995</u></u>	

Depreciation expense for the year ended December 31, 2015 was \$542,108.

On December 23, 2014, the Organization entered into a contract for the sale of just over five acres of land adjacent to the Organizations' facility in Coconut Creek, Florida for approximately \$1 million per acre. The contract was terminated by the buyer prior to closing in 2015.

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

(5) Gift annuities

The Organization entered into several gift annuity agreements, which provided for unrestricted cash of approximately \$96,000 at December 31, 2015 and called for the Organization to make fixed annual payments to the donors in future years. The Organization entered into agreements with two top rated insurance companies whereby the insurance companies would assume the annuity payment liability. The liability represents the present value of the future payouts using an average discount rate of 2.20%. The Organization pays the insurance company the present value of the annuities.

The Organization remains contingently liable for the future payments on the gift annuities in the event that the insurance company defaults on the payments. As of December 31, 2015, the Organization was contingently liable for reinsured gift annuities totaling approximately \$6,451,000.

(6) Line of credit

The Organization has a revolving line of credit of \$6 million with a bank for the issuance of commercial letters of credit and direct advances for short-term working capital needs. Interest is charged at one-month LIBOR plus 1.75% (for an effective rate of 2.17% at December 31, 2015) and is payable monthly. The Organization must repay all amounts outstanding during the period from January 1 through February 28. From March 1 through August 10, 2016 (the maturity date) the maximum outstanding borrowings permitted under the agreement is \$4 million, and from September 1 through December 31, the Organization may borrow up to \$6 million. There were no direct or contingent liabilities under the line of credit as of December 31, 2015. The line of credit is collateralized by substantially all assets of the Organization, except for the corporate headquarters and warehouse.

(7) Long-term debt

The Organization had a mortgage note payable with a bank with fixed monthly principal payments of \$60,341 plus interest at one-month LIBOR plus 1.47% (effective rate of 1.89% at December 31, 2015). The mortgage was collateralized by the corporate headquarters, land and warehouse in Coconut Creek, Florida and matures in 2016. The mortgage note payable was repaid in full during the year ended December 31, 2015.

(8) Net assets

To help fulfill its mission, the Organization establishes projects throughout the year. These non-contractual programs are budgeted and are funded over the course of the year. However, funding for some of these projects may extend beyond the year end. At each year end, the Organization reports the unexpended portion of the project budgets as net assets designated for special projects. The balance to be apportioned based on these project budgets as of December 31, 2015 was \$8,905,108 and will be categorized as goods and aid supplied in the statement of activities.

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

(8) Net assets (continued)

Temporarily restricted net assets are available for the following as of December 31, 2015:

Net assets available:

Promises to give (time restrictions)	\$ 842,548
Goods and aid	<u>34,749</u>
Total temporarily restricted net assets	<u><u>\$ 877,297</u></u>

Temporarily restricted net assets were released from restrictions during the year ended December 31, 2015 for the following purposes:

Net assets satisfied:

Satisfactions of promises to give (time and purpose restrictions)	\$ 1,639,227
Goods and aid distributed	<u>17,364</u>
Total net assets released from restrictions	<u><u>\$ 1,656,591</u></u>

(9) Related parties and other organizations

Associated charities - The Organization is associated with three charities. These charities were established with the name "Food for the Poor – (country name)" and are based in Jamaica, Haiti and Guyana. Each of the charities operates distribution centers in their base country. The Organization has no ownership or voting interest in these charities. In 2015, the Organization made distributions of \$212,715,065 to these associated charities.

Related charities - The Organization distributes goods through various charities in which some board members hold executive positions. In 2015, the Organization made distributions of \$4,040,168 through these related charities.

Distributions - Goods and aid supplied in the accompanying statement of activities includes the distributions made to associated and related charities totaling \$216,755,233, of which \$20,013,593 was in cash and \$196,741,640 was in goods.

FOOD FOR THE POOR, INC.

NOTES TO FINANCIAL STATEMENTS

(10) Contingencies

Grants and contracts awarded to the Organization are subject to the funding agencies' criteria, contract terms and regulations under which expenditures may be charged. Expenditures are subject to audit under such terms, regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the grants do not comply with the established criteria that govern them. In such cases, the Organization could be held responsible for repayments to the funding agency for the costs or be subject to the reductions of future funding in the amount of the costs. Management does not anticipate any material questioned costs for the contracts and grants administered through the year ended December 31, 2015. Certain grants awarded by the U.S. Government are subject to appropriations and funding thereof that may result in delays or even suspension of funding as a result of U.S. Government budgetary constraints imposed by the U.S. Congress.

During the year ended December 31, 2015, the City of Coconut Creek (the "City") informed the Organization that non-ad valorem taxes related to the tax years 2012 through 2015 totaling approximately \$344,000 were due to the City. The assessment was issued by the City based on their assertion that the Broward County, Florida Property Appraiser's Office erred in the calculation of the non-ad valorem assessments on the Organization's property. The Organization is contesting the assessment and believes the City has incorrectly applied the provisions of applicable laws related to back taxes and has therefore not recorded any liability associated therewith. At December 31, 2015, the City and the Organization have not fully resolved the matter. The Organization does not believe the ultimate outcome will have a material impact on the 2015 financial statements.

(11) Retirement plan

The Organization maintains a 403(b)(7) ERISA Title 1 Plan which covers all employees. Participants may elect to contribute up to 100% of their wages, as limited by current federal tax law. Additionally, the Organization matches 50% of participating employees' contributions up to the first 6% of their salary deferral. For 2015, the Organization contributed \$342,730 to this plan all of which is included in accrued liabilities in the accompanying statement of financial position. The assets of the 403(b)(7) Plan are the property of the Plan's participants and their beneficiaries; therefore, the assets of this plan are not included in the accompanying financial statements.

(12) Allocation of joint costs

For 2015, the Organization had joint costs of \$10,855,437 of which \$4,920,823 was allocated to educational and program activities, \$4,906,261 was allocated to fundraising activities and \$1,028,353 was allocated to administrative activities.

(13) Subsequent events

Management has evaluated subsequent events through March 29, 2016, which is the date that the financial statements were available to be issued, and has determined that no disclosure or adjustment was needed to the financial statements.