

ZACK'S PLACE ENRICHMENT CENTER, INC.

(Compiled)

FINANCIAL STATEMENTS

Years Ended December 31, 2015 and 2014

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## ACCOUNTANTS' COMPILATION REPORT

The Board of Directors  
Zack's Place Enrichment Center, Inc.  
Woodstock, Vermont

Management is responsible for the accompanying financial statements of Zack's Place Enrichment Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The supplementary information, statement of functional expenses for the year ended December 31, 2015 with comparative totals for the year ended December 2014 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on the supplementary information.

*Rowley & Associates, PC*

Rowley & Associates, P.C.  
Concord, New Hampshire  
May 4, 2016

**ZACK'S PLACE ENRICHMENT CENTER, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2015 and 2014**

**ASSETS**

	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents, unrestricted	\$ 43,202	\$ 45,643
Cash and cash equivalents, restricted	1,197	24,810
Pledges Receivable	1,320	490
Investments	100	100
Prepaid Expenses	186	-
Total Current Assets	<u>46,005</u>	<u>71,043</u>
<b>FIXED ASSETS</b>		
Land and Building	391,340	391,340
Improvements	98,750	27,064
Furniture and Equipment	<u>8,241</u>	<u>8,241</u>
	498,331	426,645
Accumulated Depreciation	<u>(46,628)</u>	<u>(24,455)</u>
Fixed Assets, net	<u>451,703</u>	<u>402,190</u>
Total Assets	<u><u>497,708</u></u>	<u><u>473,233</u></u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	3,513	3,570
Accrued Expense	1,265	4,808
Deferred Income	10,123	3,500
Security Deposit	2,000	-
Payroll Liabilities	<u>4,562</u>	<u>278</u>
Total Current Liabilities	<u>21,463</u>	<u>12,156</u>

**NET ASSETS**

Unrestricted	475,048	436,267
Temporarily restricted	<u>1,197</u>	<u>24,810</u>
	<u>476,245</u>	<u>461,077</u>
Total Liabilities and Net Assets	<u><u>\$ 497,708</u></u>	<u><u>\$ 473,233</u></u>

See Accountants' Compilation Report and Notes to Financial Statements

**ZACK'S PLACE ENRICHMENT CENTER, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
<b>Support and revenue</b>			
Capital campaign	\$ -	\$ 19,916	\$ 19,916
Contributions	42,082	-	42,082
Contributions, in-kind	14,876	-	14,876
Grant income	67,100	-	67,100
Special events	24,199	-	24,199
Turkey Trot	62,697	-	62,697
Stay-At-Home-Tea	16,766	-	16,766
Dine Around	9,780	-	9,780
Phone book	30,327	-	30,327
Greeting Cards	597	-	597
	<u>268,424</u>	<u>19,916</u>	<u>288,340</u>
<b>Earned revenue</b>			
Rental income	12,000	-	12,000
Interest Income	17	-	17
	<u>12,017</u>	<u>-</u>	<u>12,017</u>
 Total Revenue	 <u>280,441</u>	 <u>19,916</u>	 <u>300,357</u>
<b>EXPENSES</b>			
Program Services	176,321	-	176,321
General and Administrative	24,093	-	24,093
Fundraising	84,775	-	84,775
	<u>285,189</u>	<u>-</u>	<u>285,189</u>
Net assets released for capital acquisitions	<u>43,529</u>	<u>(43,529)</u>	<u>-</u>
 Change in net assets	 38,781	 (23,613)	 15,168
Net assets, beginning of year	<u>436,267</u>	<u>24,810</u>	<u>461,077</u>
 Net assets, end of year	 <u>\$ 475,048</u>	 <u>\$ 1,197</u>	 <u>\$ 476,245</u>

See Accountants' Compilation Report and Notes to Financial Statements

**ZACK'S PLACE ENRICHMENT CENTER, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2014**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
<b>Support and revenue</b>			
Capital campaign	\$ -	\$ 34,646	\$ 34,646
Contributions	21,230	-	21,230
Contributions, in-kind	10,560	-	10,560
Grant income	68,400	-	68,400
Special events	31,055	-	31,055
Turkey Trot	49,724	-	49,724
Stay-At-Home-Tea	14,990	-	14,990
Dine Around	14,849	-	14,849
Phone book	33,801	-	33,801
Greeting Cards	2,347	-	2,347
	<u>246,956</u>	<u>34,646</u>	<u>281,602</u>
<b>Earned revenue</b>			
Rental income	4,500	-	4,500
Interest Income	564	-	564
	<u>5,064</u>	<u>-</u>	<u>5,064</u>
	<u>252,020</u>	<u>34,646</u>	<u>286,666</u>
<b>EXPENSES</b>			
Program Services	140,543	-	140,543
General and Administrative	27,304	-	27,304
Fundraising	92,410	-	92,410
	<u>260,257</u>	<u>-</u>	<u>260,257</u>
Net assets released for capital acquisitions	<u>114,338</u>	<u>(114,338)</u>	<u>-</u>
Change in net assets	106,101	(79,692)	26,409
Net assets, beginning of year	<u>330,166</u>	<u>104,502</u>	<u>434,668</u>
Net assets, end of year	<u>\$ 436,267</u>	<u>\$ 24,810</u>	<u>\$ 461,077</u>

See Accountants' Compilation Report and Notes to Financial Statements

**ZACK'S PLACE ENRICHMENT CENTER, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets, current year	\$ 15,168	\$ 26,409
Adjustments to reconcile excess of revenue and support over expenses to net assets provided by operating activities		
Change in restricted cash	23,613	75,645
Depreciation	22,173	17,386
(Increase) decrease in operating assets		
Pledges receivable	(830)	3,557
Investments	-	1,823
Prepaid expenses	(186)	960
Increase (decrease) in operating liabilities		
Accounts payable	(57)	(424)
Accrued expenses	(3,543)	4,808
Deferred revenue	6,623	3,500
Security deposits	2,000	-
Payroll liabilities	4,284	(2,769)
Net Cash Provided By Operating Activities	<u>69,245</u>	<u>130,895</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid for building improvements	(71,686)	(13,150)
Cash paid for land and building	-	(119,274)
Net Cash Used by Investing Activities	<u>(71,686)</u>	<u>(132,424)</u>
Net Decrease in Unrestricted Cash and Cash Equivalents	(2,441)	(1,529)
Unrestricted Cash, Beginning of Year	<u>45,643</u>	<u>47,172</u>
Unrestricted Cash, End of Year	<u>\$ 43,202</u>	<u>\$ 45,643</u>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash paid during the year for:

Interest	<u>\$ 358</u>	<u>\$ 59</u>
In-kind donations	<u>\$ 14,874</u>	<u>\$ 10,560</u>

See Accountants' Compilation Report and Notes to Financial Statements

**ZACK'S PLACE ENRICHMENT CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended December 31, 2015 and 2014**

**NOTE 1 NATURE OF ORGANIZATION**

Zack's Place Enrichment Center, Inc. (ZPEC) is a nonprofit organization incorporated under the laws of the State of Vermont in 2006. Its mission is to provide a relaxed setting where people with special needs are free to explore art, music, dance, and exercise while developing life-long bonds of friendship and community.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies of ZPEC is presented to assist in understanding the organization's financial statements. The financial statements and notes are representations of ZPEC's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

**Basis of Accounting**

The financial records for ZPEC are maintained on the accrual basis of accounting. Consequently, revenues are recognized when earned and expenses are recognized when incurred.

**Financial Statement Presentation**

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.

**Unrestricted net assets** are comprised of operating revenues and expenses and contributions pledged which are not subject to any donor-imposed restrictions. ZPEC had \$475,048 and \$436,267 in unrestricted net assets as of December 31, 2015 and 2014, respectively.

**Temporarily restricted net assets** are comprised of contributions and gifts for which donor-imposed restrictions will be met either by the passage of time or the actions of ZPEC. ZPEC had \$1,197 and \$24,810 in temporarily restricted net assets as of December 31, 2015 and 2014, respectively.

**Permanently restricted net assets** include those assets for which donor-imposed restrictions stipulate that the asset be permanently maintained by ZPEC. ZPEC had no permanently restricted net assets as of December 31, 2015 and 2014.



**ZACK'S PLACE ENRICHMENT CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended December 31, 2015 and 2014**

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash equivalents**

For purposes of the statement of cash flows, ZPEC considers cash on hand, deposits in banks and investments to be cash equivalents.

**Concentration of Credit Risk**

ZPEC maintains cash balances at a financial institution. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to a minimum of \$250,000. At times during the year, funds carried in ZPEC's accounts exceed FDIC limits. ZPEC has not experienced any losses in such accounts and believes it is not exposed to any significant risk related to uninsured funds.

**Support and revenue**

Zack's Place Enrichment Center, Inc. receives support primarily through grants, contributions and special events. The major special events include a 5K road race on Thanksgiving Day "The Turkey Trot", a mailing in June "The Stay at Home Tea: and a dining event called the "Dine Around".

**Functional allocation of items**

The costs of providing various program, management and rental services have been summarized in the statement of activities. Accordingly, certain costs have been allocated among the programs.

**Fixed Assets**

Fixed assets are recorded at cost if purchased or at fair market value on the date of gift if donated. Disposals of fixed assets are removed from the financial records at net book value. Betterments or improvements are capitalized and repairs and maintenance are charged to current expenses. Asset additions are depreciated on a straight-line basis over their estimated useful lives.

**Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**ZACK'S PLACE ENRICHMENT CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended December 31, 2015 and 2014**

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income tax status**

ZPEC is a not-for-profit corporation under Section 501(c) (3) of the Internal Revenue Code, is exempt from federal income taxes, and is classified as other than a private foundation. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A).

**Donated Materials and Service**

ZPEC recognizes the value of volunteer services and expenses when there is an objective basis available to measure their value relative to its various activities.

**NOTE 3 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 4, 2016, the date on which the financial statements were available to be issued to determine if any are of such significance to require disclosure. It has been determined that no subsequent events matching this criterion occurred during this period.

**NOTE 4 FAIR VALUE MEASUREMENTS**

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, the Association is required to disclose certain information about its financial assets and liabilities. Fair values of assets measured on a recurring basis at December 31 were as follows:

	<u>Fair Value</u>	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)
<u>2015</u>			
Investments	\$ 100	\$ 100	\$ -
Pledges receivable	<u>1,320</u>	<u>-</u>	<u>1,320</u>
	<u>\$ 1,420</u>	<u>\$ 100</u>	<u>\$ 1,320</u>
 <u>2014</u>			
Investments	\$ 100	\$ 100	\$ -
Pledges receivable	<u>490</u>	<u>-</u>	<u>490</u>
	<u>\$ 590</u>	<u>\$ 100</u>	<u>\$ 490</u>

Fair values for investments were determined by reference to quoted market prices and other relevant information generated by market transactions. The fair market value of accounts receivable are estimated at the present value of expected future cash flows.

**ZACK'S PLACE ENRICHMENT CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended December 31, 2015 and 2014**

**NOTE 5 TAX EXEMPT STATUS**

ZPEC is a public charity exempt from Federal income tax under Section 501 (c)(3) of the Internal Revenue Code. The organization does not believe it has done anything during the past year that would jeopardize its tax exempt status at either the state or Federal level. The Organization reports its activities to the IRS in an annual information return. These filings are subject to review by the taxing authorities and the federal income tax returns for 2015, 2014, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

In accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, the Organization is under the opinion that there are no unsustainable positions that have been taken in regards to federal or state income tax reporting requirements. Accordingly, management is not aware of any unrecognized tax benefits or liabilities that should be recognized in the accompanying statements.

**NOTE 6 LEASE AND DEPOSIT ON LAND AND BUILDING**

ZPEC had an option agreement to purchase the land and building in which it was leasing. ZPEC purchased the building for \$391,341 during the year ended December 31, 2014.

The property is in Woodstock, Vermont and ZPEC had \$0 and \$5,912 in expenses related to this lease during the years ended December 31, 2015 and 2014.

**NOTE 7 RENTAL INCOME**

ZPEC received \$12,000 and \$4,500 in rental income during the years ended December 31, 2015 and 2014 from a tenant located in the building purchased under the option agreement discussed in Note 6.

**NOTE 8 PLEDGES RECEIVABLE**

ZPEC's pledges receivable consist of unconditional promises for contributions receivable in subsequent years. Total pledges receivable as of December 31, 2015 and 2014 totaled \$1,320 and \$490 and are expected to be collected within one fiscal year. Accordingly, they have been included in the accompanying Statement of Financial Position as a current asset.

ZPEC provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. As of December 31, 2015 and 2014, management deemed that no allowance for uncollectible pledges was necessary.

**ZACK'S PLACE ENRICHMENT CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2015**  
**WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2014**

	<b>Program Services</b>	<b>General &amp; Administrative</b>	<b>Fundraising</b>	<b>2015 Total</b>	<b>2014 Total</b>
Salaries & wages	\$ 72,320	\$ 11,422	\$ 26,482	\$ 110,224	\$ 99,309
Employee benefits/payroll fees	2,901	440	1,055	4,396	5,230
Payroll taxes	9,286	1,407	3,376	14,069	13,015
Occupancy expense	16,112	2,014	2,014	20,140	21,549
Program supplies & expenses	3,934	-	-	3,934	3,925
Professional fees	16,532	3,804	2,283	22,619	21,541
Insurance expense	3,566	951	238	4,755	4,695
Field trips	12,984	-	-	12,984	6,301
Program transportation	14,883	-	-	14,883	7,936
Office expenses	3,566	1,480	4,602	9,648	7,013
Advertising & promotion	1,030	-	3,091	4,121	1,088
Annual event expenses	-	-	20,302	20,302	20,475
Special events expenses	318	-	12,567	12,885	16,657
Phone book expense	-	-	4,512	4,512	8,279
Printing	627	-	1,881	2,508	5,026
Graphic & web design	464	-	155	619	619
Depreciation expense	17,738	2,217	2,217	22,172	17,386
Conferences, conventions & meetings	60	-	-	60	154
Interest expense	-	358	-	358	59
	<u>\$ 176,321</u>	<u>\$ 24,093</u>	<u>\$ 84,775</u>	<u>\$ 285,189</u>	<u>\$ 260,257</u>

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