

Celebration Community Services, Inc.

Financial Statements and
Supplementary Information

December 31, 2017

Cole & Associates, LLC

Certified Public Accountants

Cole & Associates, LLC

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Celebration Community Services, Inc.

We have audited the accompanying financial statements of Celebration Community Services, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2017, 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 Celebration Community Services, Inc. as of December 31, 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.

Disclaimer of Opinion on Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Comparison Statements of Financial Position and Activities on pages 11 and 12, which is the responsibility of the organization's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Cole & Associates, CPA, LLC
Certified Public Accountants
October 24, 2019

CELEBRATION COMMUNITY SERVICES, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	67,196
Due from Celebration Joint Committee		20,000
Inventory		<u>10,458</u>

TOTAL CURRENT ASSETS 97,654

PROPERTY AND EQUIPMENT

Personal property		4,682
Equipment		141,004
Less: Accumulated depreciation		<u>(136,022)</u>

NET PROPERTY AND EQUIPMENT 9,664

TOTAL ASSETS \$ 107,318

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued expenses	\$	1,037
Sales tax payable		31
Deferred revenue		<u>7,500</u>

TOTAL CURRENT LIABILITIES 8,568

NET ASSETS

Without donor restrictions		<u>98,750</u>
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TOTAL NET ASSETS 98,750

TOTAL LIABILITIES AND NET ASSETS \$ 107,318

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

CELEBRATION COMMUNITY SERVICES, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
GRANTS, REVENUES AND OTHER SUPPORT			
Grants	\$ 42,000	\$ -	\$ 42,000
Contributions from CJC	20,000	-	20,000
Merchandise sales	8,420	-	8,420
Miscellaneous income	13	-	13
Other event income	1,425	-	1,425
Interest	1	-	1
	<hr/>	<hr/>	<hr/>
TOTAL GRANTS, REVENUES AND OTHER SUPPORT	71,859	-	71,859
	<hr/>	<hr/>	<hr/>
EXPENSES			
Fourth of July program	15,000	-	15,000
Hearts of reality program	10,000	-	10,000
Management and general	22,587	-	22,587
Now snowing program	15,000	-	15,000
Oktoberfest program	12,000	-	12,000
Posh pooch program	9,290	-	9,290
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	83,877	-	83,877
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	(12,018)	-	(12,018)
NET ASSETS AT BEGINNING OF YEAR	110,768	-	110,768
	<hr/>	<hr/>	<hr/>
NET ASSETS AT END OF YEAR	\$ 98,750	\$ -	\$ 98,750
	<hr/>	<hr/>	<hr/>

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

CELEBRATION COMMUNITY SERVICES, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (12,018)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	14,570
(Increase) decrease in:	
Inventory	(1,282)
Due from Celebration Joint Committee	(20,000)
Other receivables	98
Increase (decrease) in:	
Sales tax payable	(38)
Accrued expenses	87
Deferred revenue	2,500
Due to Celebration Residential	(4,722)
Unclaimed funds	(100)
Net cash provided (used) by operating activities:	<u>(20,905)</u>
NET CHANGE IN CASH	(20,905)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>88,101</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 67,196</u></u>

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

CELEBRATION COMMUNITY SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	PROGRAM ACTIVITIES	GENERAL & ADMINISTRATIVE	TOTAL
Cost of merchandise sold	-	5,562	5,562
Credit card fees	-	1,505	1,505
Depreciation	-	14,570	14,570
Direct program expense	61,290		61,290
Tax preparation fee	-	950	950
TOTAL FUNCTIONAL EXPENSES	<u>\$ 61,290</u>	<u>\$ 22,587</u>	<u>\$ 83,877</u>

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

CELEBRATION COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Celebration Community Services, Inc. (the "Organization") was incorporated in the State of Florida on May 15, 2006. The Organization's purpose is to provide community events for Celebration residents and the greater community and to enhance a wide variety of community outreach programs, publications and community communication tools. It is supported primarily through donor contributions, grants, and merchandise sales.

Basis of Accounting

The Organization recognizes income on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The financial statements are presented in accordance with FASB Accounting Standard Codification (FASB ASC) 958, Not-for-Profit Entities. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. The Organization has no donor restricted net assets as of December 31, 2017.

Property and Equipment

The Organization capitalizes property and equipment over \$5,000, at cost. Lesser amounts are expensed. Depreciation is calculated using the straight-line method based on the property's estimated useful life of 10 years. Additions and improvements that add materially to productive capacity or extend the life of an asset are capitalized. Normal repairs and maintenance are charged against income. When facilities are retired or sold, their cost and accumulated depreciation are removed from the accounts and related gains or losses are included in income. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Depreciation expense for the year is \$14,570.

See independent auditor's report.

CELEBRATION COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, the Organization considers all unrestricted highly liquid investments, with initial maturity of three months or less, to be considered cash.

Inventory

Inventory consisting of merchandise is stated at the lower of cost (weighted average method) or net realizable value.

Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Contributions

Contributions are recognized when a 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 net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributed Services

Several unpaid volunteers have made significant contributions of their time to the management of the Organization. The value of this donated time does not meet the criteria for recognition as contributed services and thus is not reflected in these financial statements.

See independent auditor's report.

CELEBRATION COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Awards

The Organization receives grants from governmental agencies and private grantors for various purposes. Grants and awards not yet received are accrued to the extent that unreimbursed expenses have been incurred for the purposes specified by an approved grant or contract. The Organization defers grants and contract revenues received under approved awards from grantors to the extent they exceed expenses incurred for the purposes specified under the grant restrictions.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. The Organization allocates costs on a reasonable basis that is consistently applied.

Commitments and Contingency

The Organization has entered into various short-term contractual agreements with outside vendors and service providers. These contracts have different expiration dates and renewal terms.

Uncertain Tax Provisions

Accounting for uncertain tax provisions, relating to both Federal and State income taxes, are required when a more likely than not threshold is attained. If such positions result in uncertainties, then the unrecognized tax liability is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. With the adoption of these new rules, the Organization assess its tax positions in accordance with the guidance. The Organization has determined that its tax status as a Florida nonprofit corporation is its only tax position and is highly certain. Therefore, these new rules had no impact on the Organization's financial statements.

Subsequent Events

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through the date that the financial statements were issued.

See independent auditor's report.

CELEBRATION COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 2: CONCENTRATION OF CREDIT RISK - CASH

The Organization maintains cash balances at multiple banks. The accounts are insured, up to \$250,000, by the Federal Deposit Insurance Corporation. As of December 31, 2017, the uninsured portion of cash balances is \$0.

NOTE 3: INCOME TAXES

The Organization is a nonprofit organization that is generally exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code. In addition, the Organization has been classified as an organization that is not a private foundation under Section 590(a)(1). Income that is not related to exempt purposes, less applicable deductions, is subject to Federal and State corporate income taxes. The Organization did not have any unrelated business income for the year ended December 31, 2017.

NOTE 4: LIQUIDITY

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets, at year end:	\$ 67,196
Less those unavailable for general expenditures within 1 year:	<u> -</u>
Financial assets available to meet cash needs for general expenditures within 1 year:	<u>\$ 67,196</u>

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those requirements to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

SUPPLEMENTAL INFORMATION

CELEBRATION COMMUNITY SERVICES, INC.

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

DECEMBER 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 67,196	\$ 88,101
Due from Celebration Joint Committee	20,000	-
Other receivables	-	98
Inventory	<u>10,458</u>	<u>9,177</u>
TOTAL CURRENT ASSETS	<u>97,654</u>	<u>97,376</u>
PROPERTY AND EQUIPMENT		
Personal property	4,682	4,682
Equipment	141,004	141,004
Less: Accumulated Depreciation	<u>(136,022)</u>	<u>(121,453)</u>
NET PROPERTY AND EQUIPMENT	<u>9,664</u>	<u>24,233</u>
TOTAL ASSETS	<u>\$ 107,318</u>	<u>\$ 121,609</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Unclaimed funds	\$ -	\$ 100
Accrued expenses	1,037	950
Due to Celebration Residential	-	4,722
Sales tax payable	31	69
Deferred revenue	<u>7,500</u>	<u>5,000</u>
TOTAL CURRENT LIABILITIES	<u>8,568</u>	<u>10,841</u>
NET ASSETS		
Without donor restrictions	<u>98,750</u>	<u>110,768</u>
TOTAL NET ASSETS	<u>98,750</u>	<u>110,768</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 107,318</u>	<u>\$ 121,609</u>

See independent auditor's report.

CELEBRATION COMMUNITY SERVICES, INC.

STATEMENT OF ACTIVITIES (UNAUDITED)

YEAR ENDED DECEMBER 31, 2017

	WITHOUT DONOR RESTRICTIONS	
	<u>2017</u>	<u>2016</u>
GRANTS, REVENUES AND OTHER SUPPORT		
Grants	\$ 42,000	\$ 46,511
Contributions from CJC	20,000	-
Merchandise sales	8,420	7,565
Miscellaneous income	13	12
Other event income	1,425	-
Interest	<u>1</u>	<u>1</u>
TOTAL GRANTS, REVENUES AND OTHER SUPPORT	<u>71,859</u>	<u>54,089</u>
EXPENSES AND LOSSES		
Bricks for veterans park program	-	19
Fourth of July program	15,000	31,922
Hearts of reality program	10,000	9,753
Management and general	22,587	21,703
Now snowing program	15,000	15,000
Oktoberfest program	12,000	10,000
Posh pooch program	<u>9,290</u>	<u>11,520</u>
TOTAL EXPENSES	<u>83,877</u>	<u>99,917</u>
CHANGE IN NET ASSETS	(12,018)	(45,828)
NET ASSETS AT BEGINNING OF YEAR	<u>110,768</u>	<u>156,596</u>
NET ASSETS AT END OF YEAR	<u>\$ 98,750</u>	<u>\$ 110,768</u>

See independent auditor's report.

Cole & Associates, LLC

Certified Public Accountants

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407-351-4730
Fax 407-654-1544

Celebration Community Services, Inc.

To the Board of Directors:

In conjunction with the audit of the financial statements of the Association for the year ended December 31, 2017, we noted items for improving the efficiency and effectiveness of the control system and accounting environment. None of the items below are considered material reportable conditions, but are areas for improvement:

Fraud Risks:

Based on the current financial and regulatory environment, the AICPA and Statement on Auditing Standards No. 99 reiterate management's responsibility for the detection and prevention of fraud. Management should perform an analysis of fraud risks, document safeguards against those risks and address any deficiencies.

Cash and investments:

As of December 31, 2017, the Association had no funds in excess of FDIC insurance limits. We recommend that the Association continue to maintain the cash balances below the FDIC insurance limit with each bank.

Sincerely,

Cole & Associates, CPA, LLC
Certified Public Accountants
October 24, 2019

Celebration Community Services, Inc.
To the Board of Directors:

We have audited the financial statements of Celebration Community Services, Inc. for the year ended December 31, 2017, and have issued our report thereon dated October 24, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter for the year ending 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Celebration Community Services, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the accumulated depreciation is based on straight line basis. We evaluated the key factors and assumptions used to develop the straight line basis in determining that it is reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. No sensitive disclosures were noted.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 24, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors of Celebration Community Services, Inc. and is not intended to be, and should not be, used by anyone other than those specified parties.

Sincerely,

Cole & Associates, CPA, LLC
Certified Public Accountants
October 24, 2019