



**JACKSON COUNTY COMMUNITY CHILDREN'S SERVICES FUND**

**FINANCIAL STATEMENTS**

For the Period from Inception (January 17, 2017) to December 31, 2017





**Mayer Hoffman McCann P.C.**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
**JACKSON COUNTY COMMUNITY CHILDREN'S SERVICES FUND**

***Report on the Financial Statements***

We have audited the accompanying financial statements of Jackson County Community Children's Services Fund (the "Organization"), which comprise the statement of financial position as of December 31, 2017 and the related statements of activities and change in net assets, functional expenses, and cash flows for the period from inception (January 17, 2017) to December 31, 2017, 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 the 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. 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 auditors consider internal control relevant to the Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2017, and the results of its change in net assets and its cash flows for the initial period then ended in accordance with accounting principles generally accepted in the United States of America.

*Mayer Hoffman McCann P.C.*

Kansas City, Missouri  
January 10, 2019

See Notes to Financial Statements



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**JACKSON COUNTY COMMUNITY CHILDREN'S SERVICES FUND**

**STATEMENT OF FINANCIAL POSITION**

December 31, 2017

**ASSETS**

CURRENT ASSETS

Cash	\$ 7,508,416
Taxes receivable	909,637
Prepaid expenses	19,012
TOTAL ASSETS	<u>\$ 8,437,065</u>

**LIABILITIES**

CURRENT LIABILITIES

Accounts payable	\$ 7,144
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**NET ASSETS**

NET ASSETS

Unrestricted	<u>8,429,921</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,437,065</u>

See Notes to Financial Statements

**JACKSON COUNTY COMMUNITY CHILDREN'S SERVICES FUND**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

For the Period from Inception (January 17, 2017) to December 31, 2017

<u>UNRESTRICTED NET ASSETS</u>	
REVENUES	
Jackson County taxes	\$ 8,465,303
TOTAL REVENUES	8,465,303
EXPENSES	
Program services	-
Fundraising	-
Management and general	35,382
TOTAL EXPENSES	35,382
CHANGE IN NET ASSETS	8,429,921
NET ASSETS, BEGINNING OF PERIOD	-
NET ASSETS, END OF PERIOD	\$ 8,429,921

See Notes to Financial Statements

**JACKSON COUNTY COMMUNITY CHILDREN'S SERVICES FUND**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Period from Inception (January 17, 2017) to December 31, 2017

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total Expenses</u>
Insurance	\$ -	\$ -	\$ 9,000	\$ 9,000
Executive Search	-	-	10,000	10,000
Legal Fees	-	-	9,238	9,238
Contracted Services	-	-	7,144	7,144
<b>TOTAL EXPENSES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,382</u>	<u>\$ 35,382</u>

See Notes to Financial Statements

**JACKSON COUNTY COMMUNITY CHILDREN'S SERVICES FUND**

**STATEMENT OF CASH FLOWS**

For the Period from Inception (January 17, 2017) to December 31, 2017

**CASH FLOWS FROM OPERATING ACTIVITIES**

Changes in net assets	\$ 8,429,921
Changes in operating assets and liabilities:	
Taxes receivable	(909,637)
Prepaid expenses	(19,012)
Accounts payable	<u>7,144</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>7,508,416</u>
CASH, BEGINNING OF PERIOD	<u>-</u>
CASH, END OF PERIOD	<u><u>\$ 7,508,416</u></u>

See Notes to Financial Statements

# JACKSON COUNTY COMMUNITY CHILDREN'S SERVICES FUND

## NOTES TO THE FINANCIAL STATEMENTS

### (1) Summary of significant accounting policies

**Nature of operations** - The Jackson County Community Children's Services Fund (the "Organization") is an entity enabled through state statute (sections 67.1775 and 210.861, RSMo), approved by Jackson County voters in November of 2016, and created through County Ordinance 4951 as passed by the Jackson County Legislature on January 17, 2017. This county ordinance allows for the collection of sales tax revenue from April 1, 2017 through March 31, 2024. Continuation beyond this date is contingent on the renewal of the tax by Jackson County. The Board of Directors of the Organization was appointed by Jackson County Executive Order No. 17-07 on March 15, 2017. The Board took responsibility for the fund on September 29, 2017.

The mission of the Organization is to maximize community resources to build and maintain a comprehensive integrated system of quality services for children (ages birth through 19) and their families, through the allocation of funds to partner organizations that provide services intended to protect the well-being and safety of children and youth in Jackson County. The Organization has prioritized four areas to provide funding that will address current needs and improve outcomes for the following:

- Up to 30 days of temporary shelter for abused, neglected, runaway, homeless or emotionally disturbed youth
- Home and community based family intervention programs
- Prevention programs which promote healthy lifestyles among children and youth and strengthen families
- Individual, group, or family professional counseling and therapy services

**Revenue recognition** - The Organization is funded through a sales tax levy of one-eighth of one percent through March 2024. Revenue is recognized as earned by the County.

**Net Asset classification** – To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, net assets have been classified into the following

*Unrestricted net assets* – Unrestricted net assets include expendable resources over which the Organization's Board of Directors has discretionary control and are used to carry out the Organization's operations in accordance with its bylaws, including board designated net assets

*Temporarily restricted net assets* - Temporarily restricted net assets include resources expendable only for those purposes specified by the donor or grantor. The restrictions are satisfied either by the passage of time or by actions of the Organization. The Organization has no temporarily restricted net assets as of December 31, 2017.

*Permanently restricted net assets* – Permanently restricted net assets include resources subject to donor imposed stipulations maintained permanently by the Organization. The Organization has no permanently restricted net assets as of December 31, 2017.

**Basis of accounting** - The Organization prepares its financial statements on the accrual basis of accounting.

**Use of estimates** - The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# JACKSON COUNTY COMMUNITY CHILDREN'S SERVICES FUND

## NOTES TO THE FINANCIAL STATEMENTS

### (1) Summary of significant accounting policies (continued)

**Cash** - Cash consists of the available cash balance on deposit at a financial institution. At times, the Organization maintains deposits in the financial institution in excess of federally insured limits. Management monitors the soundness of the financial institution and believes that the risk of loss is negligible.

**Income taxes** – Jackson County Community Children's Services Fund has applied for exemption from federal income taxes under Section 501(c)(3). As of the date on this report, the exemption application has not been approved. Therefore, no provision has been made for federal and state income taxes.

**Functional allocation of expenses** - The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management's estimate of resources devoted to the program or support service. For the period ended December 31, 2017, program operations had not started; therefore, all expenses were considered to be management and general.

### (2) Concentrations

All of the Organization's revenue came from Jackson County Missouri for the period ended December 31, 2017.

### (3) Subsequent events

The Organization has evaluated subsequent events through January 10, 2019, which is the date the financial statements were available to be issued. The following significant matters were identified for disclosure during this evaluation.

- In January 2018 the first funding awards were announced totaling \$5.7 million.
- In April 2018 approximately \$365,000 of funds were disbursed for activities performed in the first quarter of 2018 by grantees.
- An Executive Director was hired in May 2018.
- In June 2018 a short-term office space lease expiring in December 2018 was signed.
- In July 2018 funds of approximately \$1,150,000 were released for activities performed in the second quarter of 2018 by grantees.
- Approximately \$1,530,000 of funds are pending approval for activities performed by grantees in the third quarter of 2018.
- A long-term lease for office space was entered into in October 2018 for office space. This lease commences on December 1, 2018 for a period of 62 months. Minimum future lease payments under the non-cancelable operating lease are as follows:

<u>Years Ending December 31,</u>	
2018	\$ -
2019	26,499
2020	28,908
2021	29,711
2022	29,784
Thereafter	33,142
Total	<u>\$ 148,044</u>

**JACKSON COUNTY COMMUNITY CHILDREN'S SERVICES FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

**(3) Subsequent events (continued)**

- In November 2018 \$870,000 of bridge funds were approved for school based programs to be performed during the first two quarters of 2019.
- In December 2018 \$7,600,000 of funds were approved for projects occurring in 2019.
- In December 2018 approximately \$3,000,000 of funds are pending approval for school based program to be performed in the third quarter of 2019.