

GUADALUPE CENTER, INC

COMBINED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

GUADALUPE CENTER, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Guadalupe Center, Inc.
Immokalee, Florida

Opinion

We have audited the accompanying financial statements of Guadalupe Center, Inc. (a nonprofit organization), and affiliates, which comprise the combined statement of financial position as of June 30, 2024, and the related combined statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Guadalupe Center, Inc. and affiliates as of June 30, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Guadalupe Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Guadalupe Center's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

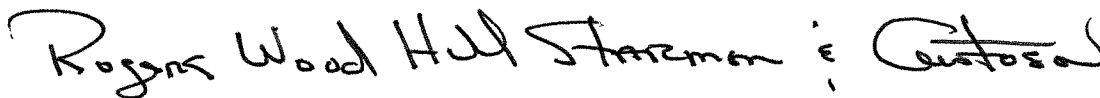
INDEPENDENT AUDITOR'S REPORT - continued

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Guadalupe Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Guadalupe Center's ability to continue as a going concern for a reasonable period of time.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Prior Year Information

We have previously audited the Guadalupe Center, Inc.'s 2023, combined financial statements. Our report, dated December 14, 2023, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audit from which it has been derived.

A handwritten signature in black ink that reads "Rogers Wood Hill Starman & Gustason". The signature is written in a cursive, flowing style.

ROGERS WOOD HILL STARMAN & GUSTASON, P.A.
Certified Public Accountants & Advisors
December 22, 2024

GUADALUPE CENTER, INC.
COMBINED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(With Comparative Totals for 2023)

ASSETS

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,805,816	\$ 9,999,111
Cash and cash equivalents - restricted	804,756	1,149,777
Investments	11,615,693	-
Investments - restricted	4,004,633	-
Beneficial interest in assets held by Community Foundation	-	5,981,991
Beneficial interest in assets held by Community Foundation - restricted	3,118,761	2,828,654
Grants receivable	381,209	271,634
Other receivable	2,906	2,552
Unconditional promises to give, net	2,324,743	2,242,111
Thrift shop inventory	176,954	125,743
Prepaid expenses	138,275	159,509
Deposits	32,873	21,946
Loan receivable from TNT - Guadalupe NMTC Fund, LLC	10,473,050	10,473,050
Right to use - Asset	474,927	616,254
Land available for sale	-	204,238
Property and equipment, net	23,713,791	23,768,715
Total assets	<u>\$ 60,068,387</u>	<u>\$ 57,845,285</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 726,455	\$ 701,830
Accrued interest payable	8,302	8,302
Scholarship liability	1,146,153	1,259,872
Right to use - Lease Liability	491,908	625,915
Note payable - TRF NMTC Fund XLIX, L.P.	8,500,000	8,500,000
Note payable - PSG Sub CDE 9, LLC	7,275,000	7,275,000
Total liabilities	<u>18,147,818</u>	<u>18,370,919</u>

Net assets:

Without donor restrictions

Undesignated	5,272,124	8,827,472
Board designated - contingency	-	1,908,756
Board designated - sustainability	7,903,183	-
Board designated - capital reserves	1,672,744	-
Board designated - scholarship reserves	2,331,889	-
Designated for property and equipment	18,411,840	18,466,765
Total net assets without donor restrictions	<u>35,591,780</u>	<u>29,202,993</u>

With donor restrictions

Purpose and time restrictions	4,042,273	7,984,857
Perpetual in nature	2,286,516	2,286,516
Total net assets with donor restrictions	<u>6,328,789</u>	<u>10,271,373</u>
Total net assets	<u>41,920,569</u>	<u>39,474,366</u>
Total liabilities and net assets	<u>\$ 60,068,387</u>	<u>\$ 57,845,285</u>

GUADALUPE CENTER, INC.
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2024	2023
REVENUES AND SUPPORT:				
Contributions	\$ 5,579,729	\$ 419,507	\$ 5,999,236	\$ 9,274,303
Federal grants	593,051	-	593,051	458,630
Early childhood education grants	4,313,353	-	4,313,353	4,313,749
Investment return	1,392,709	-	1,392,709	1,350,082
Special fundraising events	1,767,169	-	1,767,169	1,459,133
Goods contributed - Thrift shop	529,797	-	529,797	467,688
Thrift shop revenue	922,033	-	922,033	907,986
Less cost of goods sold	(478,586)	-	(478,586)	(419,306)
Gain on sale of property	1,530,584	-	1,530,584	-
Other income	24,523	-	24,523	108,284
Total revenues and support - before releases from restrictions	16,174,362	419,507	16,593,869	17,920,549
Net assets released from restrictions	4,362,086	(4,362,086)	-	-
Total revenues and support	20,536,448	(3,942,578)	16,593,869	17,920,549
OPERATING EXPENSES:				
Program services				
Early childhood education	8,352,492	-	8,352,492	7,610,586
Tutoring/tutor corps	2,557,034	-	2,557,034	2,492,993
Administrative and general	1,280,431	-	1,280,431	1,421,741
Fundraising	1,381,924	-	1,381,924	1,460,629
Thrift shop	575,780	-	575,780	576,516
Total expenses	14,147,661	-	14,147,661	13,562,465
CHANGE IN NET ASSETS	6,388,787	(3,942,578)	2,446,209	4,358,084
NET ASSETS - Beginning of year	29,202,993	10,271,367	39,474,360	35,116,276
NET ASSETS - End of year	\$ 35,591,780	\$ 6,328,789	\$ 41,920,569	\$ 39,474,360

GUADALUPE CENTER, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	PROGRAM SERVICES		SUPPORTING SERVICES			
	Early Childhood Education	Tutoring/ Tutor Corps	Administrative and General	Fundraising	Thrift Shop	Total
Salaries	\$ 5,081,120	\$ 1,548,849	\$ 591,363	\$ 716,979	\$ 220,840	\$ 8,159,150
Payroll taxes	353,383	103,783	65,857	51,429	11,679	586,128
Employee benefits	554,258	80,749	88,951	60,147	20,607	804,713
Contracted services	1,470	-	56,223	3,252	24,866	85,811
Bank and credit card fees	35,402	-	67,415	70	16,261	119,151
Special events expenses	-	-	-	328,274	-	328,274
Depreciation	777,737	20,852	13,369	4,311	18,678	834,947
Donations and grants	9,914	34,418	1,153	4,639	-	50,124
Education	49,468	15,536	14,022	5,445	-	84,471
Student transportation	-	162,634	-	-	-	162,635
Food	340,628	-	-	-	-	340,628
Insurance	177,644	22,500	73,306	12,000	26,100	311,550
Interest	184,883	-	-	-	-	184,883
Office	126,473	61,326	7,240	8,380	1,309	204,728
Other	50,137	117,707	42,796	3,936	482	215,058
Professional services	-	-	77,538	500	3,501	81,539
Promotional	19,921	35,189	88,511	4,960	31,559	180,140
Rent	3,486	12,736	12,216	76,418	164,676	269,533
Repairs and maintenance	252,879	24,819	27,398	42,964	13,549	361,608
Scholarships	-	271,718	-	-	-	271,718
Supplies	113,125	11,487	5,866	2,161	4,434	137,074
Telephone	28,935	4,255	7,042	6,344	6,632	53,208
Capital campaign	-	-	1,008	-	-	1,008
In-kind	-	971	-	42,977	-	43,948
Utilities	189,461	12,052	21,923	2,255	8,259	233,952
Vehicle	2,168	15,453	17,234	4,483	2,348	41,688
Total	<u>\$ 8,352,492</u>	<u>\$ 2,557,034</u>	<u>\$ 1,280,431</u>	<u>\$ 1,381,924</u>	<u>\$ 575,780</u>	<u>\$ 14,147,661</u>

GUADALUPE CENTER, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	PROGRAM SERVICES		SUPPORTING SERVICES			
	Early Childhood Education	Tutoring/ Tutor Corps	Administrative and General	Fundraising	Thrift Shop	Total
Salaries	\$ 4,710,881	\$ 1,419,472	\$ 511,320	\$ 640,862	\$ 204,209	\$ 7,486,744
Payroll taxes	328,209	93,543	63,619	47,189	12,401	544,961
Employee benefits	452,157	60,699	68,185	56,110	14,049	651,200
Contracted services	76,335	787	714	3,046	47,254	128,136
Bank and credit card fees	29,946	30	68,866	785	25,249	124,876
Special events expenses	-	-	-	324,150	-	324,150
Depreciation	745,481	20,552	13,369	4,311	18,679	802,393
Donations and grants	2,271	43,177	8,377	2,802	-	56,627
Education	48,533	28,502	14,723	6,268	278	98,304
Student transportation	-	131,583	-	-	-	131,583
Food	398,554	-	-	-	-	398,554
Insurance	141,155	19,132	70,026	10,200	24,000	264,513
Interest	-	-	184,883	-	-	184,883
Office	51,705	26,650	65,510	18,511	1,846	164,222
Other	63,226	16,046	15,306	15,989	1,110	111,677
Professional services	(600)	150	119,129	239	966	119,884
Promotional	24,741	25,436	77,875	8,389	23,143	159,584
Rent	-	22,346	19,774	69,269	146,924	258,313
Repairs and maintenance	148,724	50,491	32,724	25,222	20,842	278,003
Scholarships	-	477,468	-	-	-	477,468
Supplies	104,881	25,357	29,814	41,131	12,521	213,704
Telephone	25,185	1,277	6,581	6,364	5,985	45,391
Miscellaneous	-	2,919	5,672	170,560	-	179,151
Utilities	254,578	22,215	29,132	3,727	8,764	318,416
Vehicle	4,618	5,161	16,142	5,505	8,296	39,722
Total	<u>\$ 7,610,580</u>	<u>\$ 2,492,993</u>	<u>\$ 1,421,741</u>	<u>\$ 1,460,629</u>	<u>\$ 576,516</u>	<u>\$ 13,562,459</u>

GUADALUPE CENTER, INC.
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,446,209	\$ 4,358,084
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Non-cash investment fees	38,087	52,809
Depreciation	834,947	802,392
Changes in:		
Grants receivable	(109,575)	(22,817)
Other receivable	(354)	(470)
Unconditional promises to give	(82,632)	429,170
Thrift shop inventory	(51,211)	(4,309)
Prepaid expenses	21,234	81,303
Deposits	(10,927)	(1,474)
Right of use - Asset	141,327	(616,254)
Right of use - Liability	(134,007)	625,915
Accounts payable and accrued expenses	24,625	(129,750)
Net cash provided by operating activities	<u>3,117,723</u>	<u>5,574,599</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and dividends reinvested	(604,745)	(240,547)
Purchases of investments	(130,101,778)	(3,075,000)
Net proceeds from sale of investments	119,270,461	2,339,701
Proceeds on sale of property	1,673,586	-
Purchase of property and equipment	(893,563)	(571,999)
Net cash (used) by investing activities	<u>(10,656,039)</u>	<u>(1,547,845)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	<u>-</u>	<u>-</u>
Net Change in Cash and cash equivalents	(7,538,316)	4,026,754
Cash and cash equivalents, beginning of year	<u>11,148,882</u>	<u>7,122,128</u>
Cash and equivalents, end of year	<u><u>\$ 3,610,566</u></u>	<u><u>\$ 11,148,882</u></u>

GUADALUPE CENTER, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS - JUNE 30, 2024
(With Selected Information for 2023)

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Guadalupe Center, Inc. (the "Center") was incorporated on March 14, 1984 as a 501(c)(3) non-profit organization. The Center commenced operations on March 29, 1984. The Center's mission is to assist in raising economic, educational and social levels of migrant and seasonal farm workers and other rural populations with interim help and long-term programs that support self-sufficiency and social change. The Center's sources of support and revenue are from contributions, grants, fundraising events, and thrift store net revenues.

Consolidation

The combined financial statements include the accounts of Guadalupe Center, Inc. and Guadalupe Center Real Estate Holdings, Inc, which are entities under common control.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Financial Statements

The financial statements and notes are a representation of the Center's management who is responsible for their integrity and objectivity. The accounting policies conform to the basis of accounting defined above and have been consistently applied in the preparation of the financial statements.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for sustainability, capital reserves and scholarship reserves.

Net Assets With Donor Restrictions - Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received with donor restrictions that limit the use of donated assets are treated as net assets with donor restrictions. When the restriction is met, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Center considers as cash and cash equivalents all highly liquid investments with an initial maturity of three months or less.

Board Designated Net Assets

The Board of Directors has agreed to designate the use of certain funds for future sustainability, capital reserves and scholarship reserves of the Center.

GUADALUPE CENTER, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS - JUNE 30, 2024
(With Selected Information for 2023)

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - continued

Investments - Beneficial Interest in Assets held by Others

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividends, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Accounts and Grants Receivable

The Center uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Bad debt expense is recognized during the period in which a specific promise to give is determined to be uncollectible. The Center's management has reviewed receivables outstanding as of June 30, 2024 and 2023, and considers the grants receivable to be fully collectible. Based on management's review of the Center's prior history of bad debt on receivables, the allowance for uncollectible accounts is approximately \$130,000 and \$100,000 for the years ended June 30, 2024 and 2023, respectively. (Note 11)

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Unconditional promises to give that are expected to be collected in one year are recorded at net realizable value. Unconditional promises to give expected to be collected beyond one year are reported at the present value of the estimated cash flows using a risk-free interest rate.

Thrift Shop Inventory

Inventory consists of clothing, household goods and furniture contributed to the thrift store for resale. Inventory is recorded at the fair market value at the time of the donation.

Property and Equipment

Property and equipment additions over \$1,000 are recorded at cost. Donated assets are recorded at their fair market value at the time of donation. Depreciation is recognized using the straight-line method over the estimated useful lives of the assets, as further described in Note 3. The costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

The Center reviews the carrying value of property and equipment for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. When considered impaired, an impairment loss is recognized to the extent the carrying value exceeds the fair value of an asset.

Compensated Absences

The Center accumulates and records a liability for compensated absences accrued by employees. Unused personal time off has been accrued as a liability in the amount of \$276,531 and \$236,344 for the years ended June 30, 2024 and 2023, and is included in accounts payable and accrued expenses.

GUADALUPE CENTER, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS - JUNE 30, 2024
(With Selected Information for 2023)

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - continued

Income Taxes

The Center and its affiliate are qualified tax exempt organizations under Code Section 501(c)(3) of the Internal Revenue Code and are exempt from income taxes, except on net income derived from unrelated business activities. The Center and its affiliate have no revenues derived from unrelated business activities; accordingly, no provision for income taxes has been made. The Center follows the income tax standard for uncertain tax positions and, as a result, has evaluated its tax positions and determined it has no uncertain tax positions as of June 30, 2024 and 2023.

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.

Revenue Recognition

Revenue is recognized when earned. Support from federal and other grants is recorded based upon the terms of the grantor allotments, which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in donor restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Early Childhood Education grants are recognized monthly during the program period as related expenses are incurred.

Thrift Shop revenue is recognized when collected at the point of sale.

Donated Services and in-Kind Contributions

Donations of tangible personal property to the Center's thrift store are recorded at fair value.

The fair value of contributed space is recorded as restricted when the Center initially enters into a lease allowing the free use of facilities. When the Center meets the time restrictions in the lease agreement, the proportionate amount of the contribution is released from the restriction.

Contributions of services are recognized only if services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by the individuals possessing those skills, and would typically be purchased if not provided by donation. The Center received contributions of services totaling \$43,948 and \$86,677 for the years ended June 30, 2024 and 2023, included in contributions revenue.

Additionally, volunteers have made significant contributions of their time in furtherance of the Center's mission. These services were not reflected in the accompanying statement of activities because they do not meet the necessary criteria for recognition under US GAAP.

Promotional Costs

Promotional costs are expensed as incurred and approximated \$180,000 and \$160,000 during the years ended June 30, 2024 and 2023.

GUADALUPE CENTER, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS - JUNE 30, 2024
(With Selected Information for 2023)

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - continued

Expense Allocation

The costs of providing program, management and fundraising activities have been summarized on a functional basis in the combined Statement of Activities and in the combined Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The majority of the Center's expenses are directly related to specific functions and are charged accordingly. Primarily payroll and related benefits and certain other costs are allocated based on estimates of usage.

Leases

The Center leases various office space, and equipment. The Center determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets - operating and lease liability - operating on the balance sheet. ROU assets represent the Center's right to use an underlying asset for the lease term and lease liabilities represent the Center's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Center will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Center has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases will not be included as lease liabilities or ROU assets on the balance sheet.

Individual lease contracts may not provide information about the discount rate implicit in the lease. In these instances, the Center has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of the lease liabilities.

The Center has elected not to separate nonlease components from lease components and instead will account for each separate lease component and the nonlease component as a single lease component.

Reclassifications

Certain accounts in the prior year combined financial statements have been classified for comparative purposes to conform with the presentation in the current year financial statements. These reclassifications had no impact on the company's results of operations.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 3,610,572
Investments	14,734,454
Grants receivable	381,209
Other receivable	2,906
Unconditional promises to give, net	2,324,743
Total financial assets	<u>21,053,884</u>

GUADALUPE CENTER, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS - JUNE 30, 2024
(With Selected Information for 2023)

NOTE 2 - LIQUIDITY AND AVAILABILITY - continued

Less those unavailable for general expenditures within one year, due to:

Less net assets with purpose restrictions and board designated	(15,950,089)
Less perpetually restricted assets	(2,286,516)
	<u>(18,236,605)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 2,817,279</u></u>

Although the Center does not intend to spend funds from the board-designated funds, which at June 30, 2024 totaled \$11,907,816, this amount could be made available subject to board approval in order to fund operations, if necessary.

NOTE 3 - PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 2,014,658	\$ 2,014,658
Building and improvements	24,004,844	23,727,760
Leasehold improvements	221,964	221,964
Furniture and fixtures	1,146,625	1,079,807
Vehicles	127,947	127,947
Playground	1,097,453	824,749
CIP	20,415	-
	<u>28,633,906</u>	<u>27,996,885</u>
Less accumulated depreciation	<u>(4,920,115)</u>	<u>(4,228,170)</u>
Total	<u><u>\$ 23,713,791</u></u>	<u><u>\$ 23,768,715</u></u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$834,947 and \$802,393.

NOTE 4 - INVESTMENT RETURN

Investment return, consists of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Interest & dividends	\$ 709,475	\$ 335,611
Net realized gains(losses)	168,252	357,324
Net unrealized gains(losses)	514,982	657,147
	<u><u>\$ 1,392,709</u></u>	<u><u>\$ 1,350,082</u></u>

Investment expense for the years ended June 30, 2024 and 2023 was \$38,087 and \$52,817. Investment expense is included in the functional expense allocation.

GUADALUPE CENTER, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS - JUNE 30, 2024
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NOTE 5 - INVESTMENTS

	<u>Cost</u>	<u>Fair Market Value</u>
Investments consist of the following:		
Equity securities	\$ 5,635,139	\$ 5,724,916
Fixed income securities	8,731,107	8,732,231
Cash & cash equivalents	705,223	707,444
Other	370,188	455,735
Total investments	15,441,657	15,620,326
Less: investments with purpose restrictions	(3,948,320)	(4,004,633)
Investments without restrictions	<u>\$ 11,493,337</u>	<u>\$ 11,615,693</u>

NOTE 6 - FAIR VALUE MEASUREMENTS

The Center measures fair value as set forth in the Statement of Financial Accounting Standard FASB ASC 820, "Fair Value Measurements." FASB ASC 820 applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. FASB ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics or discounted cash flows.

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The following are the major categories of assets measured at fair value on a recurring basis during the year ended June 30:

	<u>2024</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Pooled investment funds			
at Community Foundation	\$ -	\$ -	\$ 3,118,761
Equity Securities	5,724,916	-	-
Fixed income securities	-	8,732,231	-
Cash & cash equivalents	494,679	-	-
Other	455,753	-	-
	<u>\$ 6,675,348</u>	<u>\$ 8,732,231</u>	<u>\$ 3,118,761</u>
	<u>2023</u>		
	<u>Fair Value</u>	<u>Level 3</u>	
Pooled investment funds			
at Community Foundation	<u>\$ 8,810,645</u>	<u>\$ 8,810,645</u>	

See Note 7 for summary of changes in the fair value of the Center's level 3 assets.

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NOTES TO COMBINED FINANCIAL STATEMENTS - JUNE 30, 2024
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NOTE 7 - BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

Collier Community Foundation ("CCF") and the Southwest Florida Community Foundation ("SWFLCF") maintain multiple agency endowments ("Endowed Scholarship Fund", "Endowed Scholarship Fund Perm. Restricted", "Endowed Scholarship Fund Unused in Rest.", "Capital Campaign Endowment") for the benefit of the Center. CCF also maintains a "contingency fund" and a "Non-Endowed Scholarship Fund". The Center has granted Board of Directors variance power which gives CCF the power to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgement of CCF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The invested assets are subject to CCF, SWFLCF investment and spending policies. Invested assets are reported at fair value in the statements of financial position. Changes in the value of assets held by CCF and SWFLCF are reported as investment income in the statements of activities.

During the year 2024 the Center received Board approval to reallocate funds to a new investment vehicle to obtain a better return. The Center transferred these funds into multiple JP Morgan funds. They now have the funds in a capital reserve fund, sustainability fund and an additional scholarship fund. These funds are better suitable for the future operations and the mission towards the growth of the Center.

Assets held by CCF are managed by Crewcial Partners and assets held by SWFLCF are managed by SEI Investment Company.

The changes in the "agency endowment funds" for the years ended June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Community Foundation endowment funds, beginning balance	\$ 8,810,645	\$ 7,887,604
Purchases	-	-
Redemptions/transfers	(6,285,949)	(150,000)
Total gains or losses (realized/unrealized)		
included in earnings	530,554	999,080
Interest and dividends	96,920	126,778
Investment management fees	(33,410)	(52,817)
Community Foundation endowment funds, ending balance	<u>\$ 3,118,760</u>	<u>\$ 8,810,645</u>

NOTE 8 - LAND AVAILABLE FOR SALE

The Center purchased land with intent to use it for operations on September 12, 2000. The land had a carrying cost of \$204,238. The Center made the determination to sell the land during fiscal year 2023. The Carver street property was sold on February 15, 2024 for \$1,825,000 resulting in a gain of \$1,530,584

NOTE 9 - SPECIAL EVENTS

The Center conducts special events each year. Special event revenues and expenses consisted of the following for the years ended June 30:

	<u>2024</u>
	<u>Signature Event</u>
Revenue	\$ 1,767,169
Less: Expenses	(328,274)
Special event income, net	<u>\$ 1,438,895</u>

GUADALUPE CENTER, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS - JUNE 30, 2024
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NOTE 9 - SPECIAL EVENTS - continued

	2023
	<u>Signature Event</u>
Revenue	\$ 1,459,133
Less: Expenses	(324,150)
Special event income, net	<u>\$ 1,134,983</u>

NOTE 10 - CONCENTRATION OF CREDIT RISK

The Center maintains accounts at financial institutions in bank deposits which, at times, may exceed federally insured limits of \$250,000. At June 30, 2024, the Center's uninsured cash balance totaled approximately \$2,400,000.

NOTE 11 - DONATED USE OF PROPERTY

The Center has a lease agreement for office space. The current fair market value of rent in the area is approximately \$21-\$26 per square foot. Under the terms of the lease, the Center currently pays rent at a discounted rate of \$13 per square foot and it is responsible for payment of its pro rata share of common area maintenance of the office complex. During the year ended June 30, 2024, restricted in-kind contribution of \$6,701 was recorded to recognize the value of the reduced rent received over the term of the lease. As of June 30, 2024, \$15,643 remained in net assets with donor restrictions for future use.

NOTE 12 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of the following as of June 30, 2024:

Unconditional promises to give	\$ 3,039,796
Less: discounts to net present value	(579,124)
Less: allowance for uncollectible promises to give	(135,929)
Net unconditional promises to give	<u>\$ 2,324,743</u>

Unconditional promises to give to be collected in less than one year are recorded at face value. Unconditional promises to give to be collected after one year are recorded at the present value using a discount rate ranging from from 1.22% to 5.75%.

Less than one year	\$ 1,321,096
One to five years	582,500
Six to ten years	483,000
More than ten years	653,200
	<u>\$ 3,039,796</u>

GUADALUPE CENTER, INC.
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NOTE 13 - NET ASSETS

Net assets without donor restrictions consisted of the following as of June 30, 2024:

Undesignated	\$ 5,272,124
Board designated - sustainability	7,903,183
Board designated - capital reserves	1,672,744
Board designated - scholarship reserves	2,331,889
Designated for property and equipment	18,411,840
	<u>\$ 35,591,780</u>

Net assets with donor restrictions consisted of the following as of June 30, 2024:

Specific purpose:

Building Fund	\$ 473,492
Scholarships	665,815
Development - planned giving	128,524
Back to school supplies	54,805
Holiday gift shop	21,587
Endowment earnings - scholarships	733,707
Total specific purpose	<u>2,077,930</u>

Passage of time:

Capital campaign promises to give	1,948,700
In-kind rent	15,643
Total passage of time	<u>1,964,343</u>

Perpetual:

Endowment	2,286,516
Total net assets with donor restrictions	<u>\$ 6,328,789</u>

GUADALUPE CENTER, INC.
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NOTE 14 - SUSTAINABILITY/QUASI-ENDOWMENT FUND

The Sustainability/Quasi-Endowment Fund is designated by the Board to function like an endowment, ensuring the long-term financial sustainability of Guadalupe Center's mission. While its primary purpose is to provide a perpetual revenue source for operations or other organizational needs, the Board retains authority to utilize the principal if necessary.

Funding Target

The Board has set an initial funding target of three (3) times the annual operating expenses, excluding current scholarships needs. This target may be reviewed and adjusted annually.

Investment

The fund is invested in pooled assets at JP Morgan, following low-risk investment policies designed to protect the principal. The Center actively seeks additional contributions to grow the fund.

Utilization

Any proposed use of these funds must be presented by the President/CEO to the Board for approval.

The composition of the sustainability fund and the changes in the board designated sustainability fund are as follows for the year ended June 30, 2024:

	Without Donor Restrictions	Total
Balance - July 1, 2023	\$ -	\$ -
Investment gain(loss), net	200,066	200,066
Transfers in	13,500,959	13,500,959
Transfers out	(5,797,842)	(5,797,842)
Balance - June 30, 2024	<u>\$ 7,903,183</u>	<u>\$ 7,903,183</u>

NOTE 15 - ENDOWMENT

The Center has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As of June 30, 2024, there were no such donor stipulations. As a result of this interpretation, the Center retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give at fair value) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor restricted amounts not retained in perpetuity are subject to appropriation for expenditures by the Center in a manner consistent with the standard prudence prescribed by FUPMIFA.

GUADALUPE CENTER, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS - JUNE 30, 2024
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NOTE 15 - ENDOWMENT - continued

The Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund: (a) the duration and preservation of the various funds, (b) the purposes of the Center and the donor-restricted endowment funds, (c) general economic conditions, (d) the possible effect of inflation and deflation, (e) the expected total return from income and the appreciation of investments, (f) other resources of the Center, and (g) the Center's investment policies appreciation of investments, (h) other resources of the Center, and (i) the Center's investment policies.

The composition of endowment net assets and the changes in endowment net assets are as follows for the year ended June 30, 2024:

	Without Donor Restrictions	Perpetual Restrictions	Temporary Restrictions	Total
Balance - July 1, 2023	\$ 1,908,756	\$ 2,286,516	\$ 592,496	\$ 4,787,768
Investment gain(loss), net	96,984	-	141,211	238,195
Contributions	-	-	-	-
Transfers out	(2,005,740)	-	-	(2,005,740)
Balance - June 30, 2024	<u>\$ -</u>	<u>\$ 2,286,516</u>	<u>\$ 733,707</u>	<u>\$ 3,020,223</u>

The endowment net assets without donor restrictions have been designated by the Board to provide income for various capital initiatives, including but not limited to new innovative programs and/or land and building. The Board has the option to withdraw up to 4% of the value of the endowment fund based on a three-year rolling average of successive quarter-end balances, determined as of the last day of the previous calendar year, in equal quarterly installments, at the recommendation of the Board. Income from the endowment fund may be used for normal operations and principal may be used to make the 4% withdrawal. Additional principal may be used for normal operations, at the discretion of the Board. The endowment net assets with donor restrictions have been established to provide scholarships for students who were part of the Center's Tutor Corps Program and are enrolled as full-time students in a college or university pursuing an academic degree. Contributions to the endowment fund are subject to the donor's restriction that stipulate the original principal of the gift is to be held and invested by the Center indefinitely and income from the fund is to be expended to support scholarships. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Center has adopted investment and spending policies for endowment assets that attempt to subject the fund to low investment risk and provide its scholarship fund with current income. Endowment assets are invested into pooled funds at CFCC. The Center seeks to build endowment assets through additional contributions. The Center has a policy of appropriating for distribution the endowment funds investment income that is not permanently restricted. The spending policy for the endowment will be the policy set forth and approved by the Board as in effect from time to time which is currently the 4% average of 12 rolling quarters of the value of the endowment fund.

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NOTE 16 - EMPLOYEE BENEFIT PLAN

The Center has established a defined contribution plan (the "Plan") under IRC Section 401(k) for eligible employees. Employees are eligible to participate in the Plan if they are 21 years of age and work at least 1,000 hours per year. The Center matches up to 4% of employee wages based upon the employee contributing up to 5% of their income. For the years ended June 30, 2024 and 2023, the Center contributed \$117,593 and \$98,170 in matching contributions.

NOTE 17 - SCHOLARSHIPS

The Center sponsors a tutor scholarship program which allows tutors to accrue scholarship money for use in their undergraduate studies. The program requires students to meet various conditions to earn and utilize scholarship funds. This program is considered to be the last source of funding and it is incumbent on the students to provide the required documentation to receive funding. Management performs an annual analysis to determine an estimated liability for the scholarships and has recorded \$1,146,153 as a liability at June 30, 2024.

NOTE 18 - CONTINGENCIES

Grant funds received and disbursed by the Center are for specific purposes and are subject to audit by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based on prior experience, management does not believe such disallowances, if any, would have a material effect on the financial position of the Center.

NOTE 19 - RELATED-PARTY TRANSACTIONS

At June 30, 2024 and 2023, The Center received \$860,242 and \$881,588 in contributions from members of the board of directors.

NOTE 20 - NEW MARKET TAX FINANCING

In November 2020, the Center entered into a series of debt transactions to access additional funds through the New Market Tax Credit program ("NMTC"). The funds were used to assist in funding the renovation and development of a vacant building to add six critically needed classrooms located at the Monaghan Property and the construction and development of a new building located at the Van Otterloo Property containing twelve classrooms and dedicated space for educational programs.

The NMTC Program permits taxpayers to claim federal tax credits for making Qualified Equity Investments ("QEI") in a designated Community Development Entity ("CDE"). The CDE must use substantially all of the proceeds to make Qualified Low-Income Community Investments ("QLICs"). The tax credits are claimed over a seven-year period. The Center and its affiliated company has partnered with an investor, The Northern Trust Company ("Investor") to utilize the NMTC Program. The Investor established a qualified equity investment fund ("QEI"), TNT-Guadalupe NMTC Fund, LLC. (the "Investment Fund") to raise the capital for the transaction. The Investment Fund was funded with \$8,251,617 equity from the Investor and \$10,473,050 loan ("NMTC Leverage Loan") from Guadalupe Center.

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NOTE 20 - NEW MARKET TAX FINANCING - continued

The loan receivable from TNT-Guadalupe NMTC Fund, LLC accrues interest at a fixed rate of 1.00%. Starting in November 2020, interest-only payments are due quarterly over the first seven years ("Compliance Period"). Commencing with the March 2028 quarterly payment, the QEI will be required to make quarterly principal and interest payments through the maturity date of December 1, 2054. The outstanding principal balance was \$10,473,050 at June 30, 2024. Interest income related to this note was \$112,697 for the year ended June 30, 2024.

The capital raised by the Investment Fund was used to make \$8,500,000 QEI in a CDE called TRF NMTC Fund XLIX L.P., a wholly owned subsidiary of the Investment Fund. The CDE then loaned these funds to Guadalupe Center Real Estate Holdings, Inc. an affiliated company in the form of two loans.

The capital raised by the Investment Fund was used to make \$7,500,000 QEI in a CDE called PCG Sub CDE 9 LLC., a wholly owned subsidiary of the Investment Fund. The CDE then loaned these funds to Guadalupe Center Real Estate Holdings, Inc. an affiliated company in the form of two loans.

After the Compliance Period, the Investor will exit the transaction through the exercise of an option agreement which it has entered into with the Center. Under the agreement, the Investor will transfer its interest in the Investment Fund to the Center for a purchase price of \$1,000 plus any applicable fee's and taxes at the end of the Tax Credit Investment Period. The Center and it's affiliated company will realize its savings from the NMTC transactions through the exercise of this option, at which time it will control the Investment Fund and can effectively forgive the notes payable.

In 2020, the Center and it's affiliated company obtained financing in an agreement structured under the New Market Tax Credit program ("NMTC"). This program, enacted by Congress as part of the Community Renewal Tax Relief Act of 2000, permits individual and corporate taxpayers to receive a credit against federal income taxes for making a qualified equity investment ("QEI") in qualified community development entities ("CDEs"). The CDE used substantially all of each QEI to make qualified low-income community investment ("QLICI") loans on favorable terms to the affiliate company as a qualified active low-income community business ("QALICB").

The affiliated company has outstanding balances on the notes at June 30, 2024 are as follows:

Loan A	\$	8,500,000
Loan B		<u>7,275,000</u>
	\$	<u><u>15,775,000</u></u>

The loans made to the affiliated company by the CDE have a maturity date of December 2054 and accrue interest at 1.172% per annum. Payments are due quarterly and began on November 19, 2020.

Only interest is paid during the Compliance Period. Thereafter, the loans are amortized with principal and interest payments required through the maturity dates December 1, 2054.

The loans are collateralized by essentially all of the assets of the Center.

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NOTE 21 - LEASE OBLIGATIONS

The Center has various office equipment and property leases expiring between 2024 and 2028. In the normal course of business, it is expected that the leases will be renewed or replaced by similar leases.

Lease Cost:

Operating Lease Costs	\$ 164,691
	<u>164,691</u>
Total Lease Cost	<u>\$ 164,691</u>

Other Information:

Operating Cash Flows from Operating Leases	\$ 7,319
Right-of-Use Asset Obtained in Exchange for New Operating Lease Liability	\$ 707,557
Weighted-Average Discount Rate - Operating Leases	4.13%

The future minimum lease payments required are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 308,893
2026	317,152
2027	277,347
2028	144,362
2029	33,205
	<u>\$ 1,080,959</u>

Rent expense, including common area maintenance fees for the years ended June 30, 2024 and 2023 totaled \$631,141 and \$536,316, respectively.

NOTE 22 - PRIOR YEAR FINANCIAL STATEMENTS

The prior year summarized comparative information has been derived from Center's combined financial statements for the year ended June 30, 2023. The combined financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's combined financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year combined financial statements.

NOTE 23 - SUBSEQUENT EVENTS

Subsequent events were evaluated through December 22, 2024 which is the date the financial statements were available to be issued. As of November 29, 2024 the Center received a three million dollar donation from the Golisano Foundation. The donation received is unrestricted and the organization can determine the best use of the funds.