

**GUADALUPE CENTER, INC.**  
**IMMOKALEE, FLORIDA**  
**FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM OCTOBER 1, 2017 THROUGH JUNE 30, 2018**

**Myers  
& Bretttholtz  
& COMPANY, PA**  
CPAs and Consultants

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees of  
Guadalupe Center, Inc.

We have audited the accompanying financial statements of Guadalupe Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows, and functional expenses for the period from October 1, 2017 through June 30, 2018, 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 Guadalupe Center, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the period from October 1, 2017 through June 30, 2018, in accordance with accounting principles generally accepted in the United States of America.



MYERS, BRETTTHOLTZ & COMPANY, PA  
Fort Myers, Florida  
December 12, 2018

GUADALUPE CENTER, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2018

ASSETS

Cash and cash equivalents	\$ 1,351,700
Cash - restricted for building and scholarships	522,495
Certificates of deposit	254,947
Certificates of deposit - restricted for building and scholarships	893,972
Investments	3,879,005
Accounts receivable	3,012
Grants receivable	47,924
Interest receivable	2,258
Unconditional promises to give, net	1,446,367
Thrift shop inventory	107,533
Prepaid expenses	160,992
Deposits	15,633
Land available for sale	374,238
Property and equipment, net	<u>5,832,903</u>
Total assets	<u>\$ 14,892,979</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 432,586
Deferred revenue	<u>10,000</u>
Total liabilities	<u>442,586</u>

NET ASSETS

Unrestricted:	
Undesignated	1,909,238
Board designated	940,703
Equity in property and equipment	<u>5,832,903</u>
Total unrestricted	<u>8,682,844</u>
Temporarily restricted	3,515,518
Permanently restricted	<u>2,252,031</u>
Total net assets	<u>14,450,393</u>
Total liabilities and net assets	<u>\$ 14,892,979</u>

Read Independent Auditor's Report.  
The accompanying notes are an integral  
part of the financial statements.

GUADALUPE CENTER, INC.  
STATEMENT OF ACTIVITIES  
FOR THE PERIOD FROM OCTOBER 1, 2017 THROUGH JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES AND SUPPORT</b>				
Gross proceeds from special fund raising events	\$ 645,277	\$ -	\$ -	\$ 645,277
Less direct costs	296,423	-	-	296,423
Net proceeds from special fund raising events	348,854	-	-	348,854
Contributions	677,029	2,491,972	170,068	3,339,069
Federal grants	312,191	-	-	312,191
Other grants	56,000	1,393,245	-	1,449,245
Early childhood education	784,909	-	-	784,909
Thrift shop	573,059	-	-	573,059
In-kind rent	-	380	-	380
Investment	15,454	49,190	-	64,644
Other	35,628	-	-	35,628
Net assets released from restrictions	3,145,028	(3,145,028)	-	-
Total revenues and support	5,948,152	789,759	170,068	6,907,979
<b>EXPENSES</b>				
Program services	4,635,130	-	-	4,635,130
General and administrative	404,108	-	-	404,108
Fund raising	483,510	-	-	483,510
Thrift shop	549,953	-	-	549,953
Total expenses	6,072,701	-	-	6,072,701
(Decrease) increase in net assets	(124,549)	789,759	170,068	835,278
NET ASSETS - October 1, 2017	8,807,393	2,725,759	2,081,963	13,615,115
NET ASSETS - June 30, 2018	\$ 8,682,844	\$ 3,515,518	\$ 2,252,031	\$ 14,450,393

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GUADALUPE CENTER, INC.  
STATEMENT OF CASH FLOWS  
FOR THE PERIOD FROM OCTOBER 1, 2017 THROUGH JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets \$ 835,278

Adjustments to reconcile increase in net assets  
to net cash provided by operating activities:

Depreciation	195,624
In-kind rent contribution	(380)
In-kind rent expense	18,547
Net loss on investments	24,489
Interest and dividends reinvested	(53,047)
Provision for uncollectible accounts	12,006
Discount on unconditional promises to give	12,939
Changes in:	
Accounts receivable	(3,012)
Accounts receivable - other	29,524
Grants receivable	32,204
Interest receivable	8,296
Unconditional promises to give	(571,232)
Thrift shop inventory	53,657
Prepaid expenses	(3,291)
Deposits	(10,333)
Accounts payable and accrued expenses	152,503
Deferred revenue	(44,459)
Net cash provided by operating activities	<u>689,313</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of certificates of deposit	(715,761)
Proceeds from redemptions of certificates of deposit	2,422,858
Purchases of investments	(2,183,798)
Proceeds from sales of investments	357,746
Purchases of property and equipment	(51,568)
Net cash used by investing activities	<u>(170,523)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Contributions restricted for long-term purposes	<u>6,657</u>
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Net increase in cash	525,447
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CASH AND CASH EQUIVALENTS - October 1, 2017	<u>1,348,748</u>
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CASH AND CASH EQUIVALENTS - June 30, 2018	<u><u>\$ 1,874,195</u></u>
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SUPPLEMENTAL INFORMATION

Non-cash contributions of securities	<u>\$ 311,939</u>
Non-cash purchase of property and equipment	<u><u>\$ 6,075</u></u>

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GUADALUPE CENTER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE PERIOD FROM OCTOBER 1, 2017 THROUGH JUNE 30, 2018

	Program Services	General and Administrative	Fund Raising	Thrift Shop	Total
Salaries and wages	\$ 2,360,200	\$ 214,337	\$ 248,816	\$ 181,756	\$ 3,005,109
Contract services and fees	54,017	16,357	13,588	35,526	119,488
Payroll taxes and employee benefits	408,074	43,513	58,567	17,721	527,875
Total payroll related	2,822,291	274,207	320,971	235,003	3,652,472
Bank and credit card fees	6,484	2,514	14,442	10,995	34,435
Depreciation	171,662	9,450	6,773	7,739	195,624
Donations and grants	80,674	2,330	1,908	198	85,110
Education	11,538	200	2,300	-	14,038
Student transportation	108,256	-	-	-	108,256
Food	138,739	927	2,944	1,586	144,196
Insurance	40,742	13,132	2,214	19,544	75,632
Office	60,495	5,083	21,542	4,444	91,564
Other	530,966	15,746	16,258	17,732	580,702
Professional fees	88,000	42,615	4,979	-	135,594
Promotional	46,634	-	7,566	31,590	85,790
Rent	18,065	5,877	52,126	89,428	165,496
Repairs and maintenance	119,257	18,629	27,411	57,040	222,337
Scholarships	236,494	-	24	-	236,518
Supplies	100,398	6,907	1,248	62,891	171,444
Telephone	8,047	3,337	439	839	12,662
Utilities	46,287	2,690	-	8,873	57,850
Vehicle	101	464	365	2,051	2,981
	\$ 4,635,130	\$ 404,108	\$ 483,510	\$ 549,953	\$ 6,072,701

Read Independent Auditor's Report.  
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part of the financial statements.

GUADALUPE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1 - THE CENTER**

Guadalupe Center, Inc. (the "Center") is a not-for-profit corporation organized on March 29, 1984, for the purpose of raising economic, educational and social levels of migrant and seasonal farm workers and other rural poor with interim help and long-term programs that support self-sufficiency and social change.

Program services include an early childhood educational facility, after-school tutoring, scholarship programs (including scholarships for high school students of the tutoring program for one to four years of college), and other programs administered from various locations in Immokalee, Florida. The Center also operates a thrift store.

On October 12, 2017, the Center's Bylaws were amended to change the fiscal year to be from July 1 to June 30. The Center's financial statements are presented for the nine month period from October 1, 2017 through June 30, 2018, for the first reporting period after the amendment.

**NOTE 2 - DATE OF MANAGEMENT'S REVIEW**

In preparing the financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through December 12, 2018, the date that the financial statements were available to be issued.

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The Center prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Center reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Investments

Investments in pooled funds are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and unrealized gains are reported as increases in temporarily restricted net assets, due to the nature of the investments.

The fair value of pooled funds with significant unobservable inputs is determined by community foundations and is based on the allocation of the Center's investment in their various endowment funds. Gains or losses on equity securities sold are based on the specific identification method.

Accounts and Grants Receivable

All receivables are considered collectible; therefore no allowance for uncollectible accounts has been recorded. Bad debt expense is recognized during the period in which a specific account is determined to be uncollectible. There was no bad debt expense for the period from October 1, 2017 through June 30, 2018.



GUADALUPE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of the estimated cash flows using a risk-free interest rate.

Additionally, 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 losses are recognized during the period in which a specific promise to give is determined to be uncollectible. Provision for uncollectible accounts expenses was \$7,569 for the period from October 1, 2017 through June 30, 2018, and is included in other expenses.

Thrift Shop Inventory

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

Property and Equipment

Property and equipment purchased are recorded at cost. Donated assets are recorded at their fair market value at the time of donation. Additions and major renewals in excess of \$1,000 are capitalized. Depreciation is recognized using a straight-line basis over the estimated useful lives of the assets. The cost of maintenance and repairs is charged to operations as incurred. See Note 10 for additional information.

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 \$111,184 for the period from October 1, 2017 through June 30, 2018, and is included in accounts payable and accrued expenses.

Income Taxes

Management has analyzed its various federal filing positions and believes that the Center's income tax filing positions and deductions are well documented, supported and contain no uncertain tax positions. Additionally, management believes that no accruals for tax liabilities, interest or penalties are required. Therefore, no reserves for uncertain income tax positions have been recorded. Further, no interest or penalties have been included since no reserves were recorded. When applicable, such interest and penalties will be reported as income tax expense. The Center's federal income tax returns remain subject to examination by the Internal Revenue Service for three years from the date of filing.

GUADALUPE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Income Taxes (Continued)

The Center has been granted a ruling that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Internal Revenue Code 521 imposes a corporate income tax on the "unrelated business income" of an otherwise tax-exempt organization. There are no temporary differences between the financial reporting and tax reporting with respect to unrelated business income; therefore no deferred tax provision has been recorded. The Center is a not-for-profit Florida corporation, and therefore, is not subject to state income taxes. Accordingly, no provision for income taxes has been made. The Center is not considered a private foundation within the meaning of Section 509(a) of the Code.

Fair Value of Financial Instruments

Substantially all of the Center's assets and liabilities, excluding prepaid expenses, land available for sale, property and equipment and deferred revenue, are considered financial instruments. These assets and liabilities are reflected at fair value, or at carrying amounts that approximate fair value because of the short maturity of the instrument. Investments are valued based on the classification as further described in the investment policy above.

Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. At the time of receipt donor-restricted support is reported as an increase in temporarily or permanently 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), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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.

Early childhood education revenue is recorded and recognized monthly during the program period.

Thrift shop revenue is recorded when collected.

Donated Goods and Services

The fair value of goods donated to the Center's thrift store is not ascertainable at the time of donation; consequently, no income is recognized until the date of sale.

The fair value of contributed space is recorded as temporarily 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 contribution is released from the temporary restriction.

GUADALUPE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Donated Goods and Services (Continued)

Contributed services meeting the requirement for recognition in the financial statements are recorded at the fair market value of professional services rendered. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Center with educational programs, fund raising activities and various committee assignments; however, no amounts have been reflected in the financial statements for donated services, as these services do not meet the criteria for recognition. The Center received more than 20,000 volunteer hours during the period from October 1, 2017 through June 30, 2018.

Advertising

Advertising costs are reported in the period in which the expense is incurred.

Cash Flows

For purposes of the statement of cash flows, the Center considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents, excluding certificates of deposit.

The Center made no cash payments for income taxes or interest during the period from October 1, 2017 through June 30, 2018.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting services, are allocated based on an informal time study prepared by management.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 4 - CONCENTRATION OF CREDIT RISK**

The Center maintains cash balances and certificates of deposit at various financial institutions. Accounts and certificates of deposit at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. As of June 30, 2018, the uninsured balance was \$898,957, based on the bank statement balances less the FDIC insurance. Cash and cash equivalents at investment services companies totaling \$253,384 as of June 30, 2018, are not insured by the FDIC.

GUADALUPE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 5 - INVESTMENTS**

Investments consisted of pooled funds of \$3,879,005 as of June 30, 2018.

The cost basis of Level 3 investments as of June 30, 2018, or agency funds maintained by the Southwest Florida Community Foundation ("SWFLCF") and the Community Foundation of Collier County ("CFCC") as further described in Note 13 and Note 14, respectively, cannot be determined.

The following are the major categories of assets measured at fair value on a recurring basis during the period from October 1, 2017 through June 30, 2018, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total as of June 30, 2018
Pooled funds	\$ -	\$ -	\$ 3,879,005	\$ 3,879,005

Fair value measurements using significant unobservable inputs (Level 3) as of June 30, 2018:

Beginning balance	\$ 1,980,783
Purchases	1,871,859
Redemptions	(9,792)
Total gains or losses (realized/unrealized)	
included in earnings	(5,210)
Interest and dividends	53,360
Fees	(11,995)
Ending balance	<u>\$ 3,879,005</u>

The unrealized gains or losses are netted against realized gains or losses and are included in investment revenue on the statement of activities.

Investment revenue is summarized as follows for the period from October 1, 2017 through June 30, 2018:

Interest and dividends	\$ 89,133
Net realized losses	(40,249)
Net unrealized gain	15,760
	<u>\$ 64,644</u>

GUADALUPE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 6 - GRANTS RECEIVABLE**

Grants receivable consisted of the following as of June 30, 2018:

Early Learning Coalition of SW Florida	\$ 11,833
Redlands Christian Migrant Association	15,592
State of Florida	20,499
	<u>\$ 47,924</u>

**NOTE 7 - UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give consisted of the following as of June 30, 2018:

Unconditional promises to give	\$ 1,481,838
In-kind leases	28,796
Total unconditional promises to give	1,510,634
Less discounts to net present value	(41,536)
Less allowance for uncollectible promises to give	(22,731)
Net unconditional promises to give	<u>\$ 1,446,367</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 of 3.44%.

Unconditional promises to give are scheduled to be received as follows as of June 30, 2018:

Less than one year	\$ 765,059
One to five years	731,087
More than five years	14,488
	<u>\$ 1,510,634</u>

**NOTE 8 - CONDITIONAL PROMISE TO GIVE**

The Center has a conditional promise to give of \$250,000 contingent upon the completion of the objectives outlined for the expansion of Early Childhood Education. The conditional promise to give will be considered unconditional when the requirement is met.

**NOTE 9 - LAND AVAILABLE FOR SALE**

The Center purchased land with the intent to use for operations. The Center made the determination to sell the land that was purchased instead of using it for operations. The land is being carried at cost, as it is lower than the estimated market value as of June 30, 2018.

GUADALUPE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 10 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30, 2018:

	Useful Lives	
Land	N/A	\$ 22,559
Land improvements	N/A	144,658
Leasehold improvements	7-15 years	6,517
Buildings and improvements	7-40 years	7,550,071
Furniture and equipment	3-15 years	653,969
Vehicles	5 years	132,899
Playground	10 years	56,746
		<u>8,567,419</u>
Less: accumulated depreciation		<u>(2,734,516)</u>
		<u><u>\$ 5,832,903</u></u>

Depreciation expense was \$195,624 for the period from October 1, 2017 through June 30, 2018.

**NOTE 11 - DEFERRED REVENUE**

As of June 30, 2018, deferred revenue consisted of \$10,000 of sponsorships for future special events.

**NOTE 12 - BOARD DESIGNATED NET ASSETS**

The Board of Trustees (the "Board") has established an endowment fund to enable the growth and sustainability of the Center. The long range goal of the endowment fund is 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 principle may be used to make the 4% withdrawal. Additional principal may be used for normal operations, at the discretion of the Board.

The Board has also established a contingency fund. Principal and interest from the contingency fund may be used to sustain normal operations of the Center should any shortfalls arise.

Board designated net assets consisted of the following as of June 30, 2018:

Endowment	\$ 219,205
Contingency	721,498
	<u><u>\$ 940,703</u></u>

GUADALUPE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 12 - BOARD DESIGNATED NET ASSETS (Continued)**

The following is a table of the changes in board designated endowment net assets for the period from October 1, 2017 through June 30, 2018:

Endowment	\$ 219,205
Contingency	721,498
	<u>\$ 940,703</u>

**NOTE 13 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following as of June 30, 2018:

Temporarily restricted for purpose:	
Building fund	\$ 866,735
Scholarships	1,766,787
Development - planned giving	5,151
Early childhood education	351,197
Back to school shoes	51,280
Holiday gift shop	22,429
Hurricane relief - community	10,582
Capital campaign 2020	328,383
Total temporarily restricted for purpose	<u>3,402,544</u>
Temporarily restricted for time:	
Building fund promises to give	42,222
In-kind leases	20,707
Total temporarily restricted for time	<u>62,929</u>
Endowment earnings	50,045
Total temporarily restricted net assets	<u>\$ 3,515,518</u>

**NOTE 14 - PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted endowment net assets as of June 30, 2018, consist of an endowment fund 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.

GUADALUPE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 14 - PERMANENTLY RESTRICTED NET ASSETS (Continued)**

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 a result of this interpretation, the Center classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Center, and (7) the Center's investment policies.

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.

The composition of endowment net assets as of June 30, 2018, for this fund and the changes in endowment net assets for the period from October 1, 2017 through June 30, 2018, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance - October 1, 2017	\$ -	\$ 13,251	\$ 2,081,963	\$ 2,095,214
Contributions	-	-	170,068	170,068
Investment income	-	36,794	-	36,794
Balance - June 30, 2018	<u>\$ -</u>	<u>\$ 50,045</u>	<u>\$ 2,252,031</u>	<u>\$ 2,302,076</u>

**NOTE 15 - AGENCY FUND**

The Center is the beneficiary of an account from individual donations and an agency fund established by the Center, used for the support of the charitable or educational purposes of the Center, that are maintained by SWFLCF. The balance held by SWFLCF from individual donations as of June 30, 2018, was \$59,777 and are not considered assets of the Center.



GUADALUPE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 16 - DONATED USE OF PROPERTY**

The Center has a lease agreement for office space. Under the terms of the lease, the Center pays a discounted rent of \$13 per square foot and is responsible for payment of its pro rata share of common area maintenance of the office complex. During the term of the lease a proportionate amount of the contribution will be recorded as released from temporary restriction. During the period from October 1, 2017 through June 30, 2018, \$18,547 of in-kind rent expense was recognized and \$20,707 remained temporarily restricted net assets.

**NOTE 17 - OPERATING LEASES**

The Center has various office equipment and property leases expiring between 2018 and 2022.

Future minimum payments required under the terms of the operating leases are as follows:

<u>Years ending June 30,</u>	
2019	\$ 96,928
2020	99,190
2021	99,917
2022	97,396
2023	48,343
	<u>\$ 441,774</u>

Lease expense was \$52,114 for the period from October 1, 2017 through June 30, 2018, and is included in rent and repairs and maintenance.

**NOTE 18 - DEFINED CONTRIBUTION PLAN**

The Center has established a defined contribution plan (the "Plan") under Section 403(b) 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 period from October 1, 2017 through June 30, 2018, the Center contributed \$53,628 in matching contributions, included in employee benefits.

**NOTE 19 - ECONOMIC DEPENDENCY**

During the period from October 1, 2017 through June 30, 2018, the Center received approximately 10% of its total revenue from grants provided by the Naples Children & Education Foundation, Inc.

**NOTE 20 - SUBSEQUENT EVENT**

Subsequent to June 30, 2018, the Center entered into a contract and paid a deposit of \$100,000 for the purchase of a new building to expand operations.