

**GUADALUPE CENTER, INC.**  
IMMOKALEE, FLORIDA  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors 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, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Guadalupe Center, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



MYERS, BRETTHOLTZ & COMPANY, PA  
Fort Myers, Florida  
March 4, 2020

GUADALUPE CENTER, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2019

Assets

Cash and cash equivalents	\$ 6,396,105
Cash - restricted for building and scholarships	661,621
Certificates of deposit - restricted for building and scholarships	590,049
Investments	2,354,749
Investments, restricted for endowment	2,260,424
Accounts receivable	14,543
Grants receivable	200,883
Interest receivable	3,158
Unconditional promises to give, net	5,452,778
Thrift shop inventory	115,629
Prepaid expenses	111,780
Deposits	17,257
Land available for sale	374,238
Property and equipment, net	<u>6,431,903</u>

Total assets	<u><u>\$ 24,985,117</u></u>
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Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 478,793
Deferred revenue	<u>31,000</u>

Total liabilities	<u>509,793</u>
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Net Assets

Without donor restrictions	9,770,357
With donor restrictions	<u>14,704,967</u>

Total net assets	<u>24,475,324</u>
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Total liabilities and net assets	<u><u>\$ 24,985,117</u></u>
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Read Independent Auditor's Report.  
The accompanying notes are an integral  
part of the financial statements.

GUADALUPE CENTER, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Gross proceeds from special fund raising events	\$ 1,303,474	\$ -	\$ 1,303,474
Less costs of direct benefits to donors	339,967	-	339,967
Net proceeds from special fund raising events	963,507	-	963,507
Contributions	1,514,423	11,445,611	12,960,034
Federal grants	420,980	-	420,980
Other grants	119,000	1,427,048	1,546,048
Early childhood education	1,207,077	-	1,207,077
Thrift shop	742,343	-	742,343
In-kind rent	-	50,470	50,470
Interest and dividends	66,074	98,491	164,565
Other	96,023	-	96,023
Net assets released from restriction	4,084,202	(4,084,202)	-
Total revenue and support	9,213,629	8,937,418	18,151,047
Expenses			
Program services			
Early childhood education	3,773,613	-	3,773,613
After-school tutoring	1,515,400	-	1,515,400
Tutor corps	888,416	-	888,416
Total program services	6,177,429	-	6,177,429
Supporting services			
General and administrative	725,580	-	725,580
Fund raising	800,565	-	800,565
Thrift shop	509,227	-	509,227
Total supporting services	2,035,372	-	2,035,372
Total expenses	8,212,801	-	8,212,801
Increase in net assets from operations	1,000,828	8,937,418	9,938,246
Nonoperating Activities			
Investment return, net	86,685	-	86,685
Change in net assets	1,087,513	8,937,418	10,024,931
Net assets, beginning of year	8,682,844	5,767,549	14,450,393
Net assets, end of year	\$ 9,770,357	\$ 14,704,967	\$ 24,475,324

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GUADALUPE CENTER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019

	Program services			General and Administrative
	Early Childhood Education	After-school Tutoring	Tutor Corps	
Salaries	\$ 1,995,720	\$ 1,056,757	\$ 211,538	\$ 269,437
Payroll taxes	136,918	73,544	15,644	33,701
Employee benefits	299,979	39,470	18,242	23,174
Contracted services	260	58	231	88,141
Total salaries and related expenses	2,432,877	1,169,829	245,655	414,453
Bank and credit card fees	6,602	67	67	5,500
Cost of direct benefit to donors	-	-	-	-
Depreciation	226,644	4,120	9,731	6,336
Donations and grants	5,760	29,634	3,197	5,075
Education	8,970	1,541	940	2,354
Student transportation	-	127,497	6,175	-
Food	173,160	3,733	13,896	1,345
Insurance	56,765	8,429	1,599	22,529
Office	45,669	6,541	17,923	7,408
Other	25,690	13,557	80,848	20,450
Professional services	4,646	22,156	17,327	46,939
Promotional	-	-	-	123,009
Rent	6,364	20,235	637	7,385
Repairs and maintenance	108,436	26,092	19,858	30,480
Scholarships	-	-	378,317	-
Supplies	61,429	7,510	26,597	7,166
Telephone	6,525	2,620	2,399	3,462
Capital campaign	533,430	51,743	51,743	159
Building	10,946	-	-	-
In-kind	-	16,885	9,114	17,098
Utilities	58,106	3,155	1,972	4,163
Vehicle	1,594	56	421	269
Total expenses by function	3,773,613	1,515,400	888,416	725,580
Less expenses included with revenues on the statement of activities				
Cost of direct benefit to donors	-	-	-	-
Total expenses included in the expense section on the statement of activities	<u>\$ 3,773,613</u>	<u>\$ 1,515,400</u>	<u>\$ 888,416</u>	<u>\$ 725,580</u>

	<u>Fund Raising</u>	<u>Thrift Shop</u>	<u>Total</u>
Salaries	\$ 368,740	\$ 243,781	\$ 4,145,973
Payroll taxes	38,585	11,568	309,960
Employee benefits	51,748	14,590	447,203
Contracted services	<u>3,232</u>	<u>50,249</u>	<u>142,171</u>
Total salaries and related expenses	462,305	320,188	5,045,307
Bank and credit card fees	12,833	15,328	40,397
Cost of direct benefit to donors	339,967	-	339,967
Depreciation	3,056	1,965	251,852
Donations and grants	3,577	-	47,243
Education	4,480	-	18,285
Student transportation	-	-	133,672
Food	2,628	1,069	195,831
Insurance	3,324	15,537	108,183
Office	15,090	2,145	94,776
Other	41,630	1,370	183,545
Professional services	20,281	-	111,349
Promotional	-	-	123,009
Rent	67,133	120,822	222,576
Repairs and maintenance	35,830	13,222	233,918
Scholarships	-	-	378,317
Supplies	755	5,470	108,927
Telephone	1,362	1,238	17,606
Capital campaign	114,978	-	752,053
Building	-	-	10,946
In-kind	10,933	-	54,030
Utilities	119	8,815	76,330
Vehicle	<u>251</u>	<u>2,058</u>	<u>4,649</u>
Total expenses by function	1,140,532	509,227	8,552,768
Less expenses included with revenues on the statement of activities			
Cost of direct benefit to donors	<u>(339,967)</u>	<u>-</u>	<u>(339,967)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 800,565</u>	<u>\$ 509,227</u>	<u>\$ 8,212,801</u>

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

GUADALUPE CENTER, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019

Cash Flows From Operating Activities	
Change in net assets	\$ 10,024,931
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	251,852
Net gain on investments	(107,273)
Provision for uncollectible accounts	(21,708)
Discount on unconditional promises to give	(752,951)
Changes in:	
Accounts receivable	(11,531)
Grants receivable	(152,959)
Interest receivable	(900)
Unconditional promises to give	(3,231,752)
Thrift shop inventory	(8,096)
Prepaid expenses	49,212
Deposits	(1,624)
Accounts payable and accrued expenses	46,207
Deferred revenue	21,000
	<hr/>
Net cash provided by operating activities	6,104,408
	<hr/>
Cash Flows From Investing Activities	
Purchases of investments	(539,727)
Interest and dividends reinvested	(100,333)
Proceeds from sale of investments	8,843
Purchases of certificates of deposit	(254,571)
Proceeds from redemption of certificates of deposit	815,761
Purchase of property and equipment	(850,851)
	<hr/>
Net cash used by investing activities	(920,878)
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Net change in cash and cash equivalents	5,183,530
Cash and cash equivalents, beginning of year	1,874,196
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Cash and cash equivalents, end of year	\$ 7,057,726
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Supplemental Information	
Non-cash contributions of investments	\$ 1,286,644
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Read Independent Auditor's Report.  
The accompanying notes are an integral  
part of the financial statements.



GUADALUPE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**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.

Early childhood education sets students up for success from infancy to age five with a fully accredited high - quality education.

After-school tutoring sets students up for success from kindergarten through second grade with a focus on after school tutoring and summer enrichment courses. The objective is to provide extra attention and support to students who score below grade - level on County assessments.

The tutor corps program starts in high school and sets students on a trajectory for success by preparing them for significant life transitions. The Center provides guidance and support as students progress from high school to college and from college to careers as young professionals.

**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 March 4, 2020, 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 the following net assets classifications:

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Center. These net assets may be used at the discretion of the Center’s management and Board of Trustees (the “Board”).

Net assets with donor restrictions are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions by the Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

GUADALUPE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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

Investments

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 realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Gains or losses on equity securities sold are based on the specific identification method. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Accounts and Grants Receivable

The Center's management has reviewed receivables outstanding as of June 30, 2019, and considers them to be fully collectible. Based on this and the Center's prior history of insignificant bad debt on receivables, no allowance for uncollectible accounts is considered necessary. 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 year ended June 30, 2019.

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.

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 expense is recognized during the period in which a specific promise to give is determined to be uncollectible. Provision for uncollectible accounts expenses was \$21,708 for the year ended June 30, 2019, 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 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 11. The cost 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 the asset.

GUADALUPE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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

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 \$129,127 for the year ended June 30, 2019, included in accounts payable and accrued expenses.

Income Taxes

The Center is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. 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. The Center is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. The Center's Form 990 remains subject to examination by the Internal Revenue Service for three years from the date of filing.

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.

Fair Value of Financial Instruments

Substantially all of the Center's assets and liabilities, excluding prepaid expenses, 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.

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.

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.

GUADALUPE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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

Revenue Recognition (Continued)

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

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

Donated Services and In-Kind Contributions

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 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 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 \$16,861 for the year ended June 30, 2019, 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 \$123,009 during the year ended June 30, 2019.

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 year ended June 30, 2019.

Functional Allocation of Expenses

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

GUADALUPE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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

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 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, and those differences could be material.

New Accounting Pronouncement

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Center has implemented ASU 2016-14 and have adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

**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 commercial banking institution are insured by the Federal Deposit Insurance Corporation (the "FDIC") up to \$250,000. As of June 30, 2019, the uninsured balance was \$4,472,083, based on the bank statement balances less the FDIC insurance. Cash and cash equivalents at investment services companies totaling \$1,121,165 as of June 30, 2019, are not insured by the FDIC.

GUADALUPE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 5 - AVAILABILITY AND LIQUIDITY**

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:

Financial assets at year end:	
Cash and cash equivalents	\$ 7,057,726
Certificates of deposit	590,049
Investments	2,354,749
Accounts receivable	14,543
Grants receivable	200,883
Total financial assets	<u>10,217,950</u>
Less amounts not available to be used within one year:	
Accounts payable and accrued expenses	478,793
Net assets with donor restrictions	12,443,997
Less net assets with purpose restrictions to be met in less than a year	<u>(6,158,759)</u>
	<u>6,764,031</u>
Financial assets available to meet general expenditures over the next year	<u><u>\$ 3,453,919</u></u>

The Center's goal is to maintain financial assets to meet three months of operating expenses, which is approximately \$2,100,000. This period of time was determined by management's review of the typical life cycle of converting its financial assets to cash and typical payments of amounts owed. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

**NOTE 6 - INVESTMENTS**

Investments consisted of pooled funds of \$4,615,173 as of June 30, 2019.

Investment fees totaling \$17,587 for the year ended June 30, 2019, were netted with investment return.

The cost basis of Level 3 investments as of June 30, 2019, or agency funds maintained by the Southwest Florida Community Foundation ("SWFLCF") and the Community Foundation of Collier County ("CFCC") cannot be determined.

GUADALUPE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 6 - INVESTMENTS (Continued)**

The following are the major categories of assets measured at fair value on a recurring basis during the year ended June 30, 2019, 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, 2019
Pooled funds	\$ -	\$ -	\$ 4,615,173	\$ 4,615,173

Fair value measurements using significant unobservable inputs (Level 3) as of June 30, 2019:

Beginning balance	\$ 3,879,005
Purchases	539,727
Redemptions	(8,843)
Total gains or losses (realized/unrealized) included in earnings	122,157
Interest and dividends	100,333
Fees	(17,206)
Ending balance	<u>\$ 4,615,173</u>

**NOTE 7 - GRANTS RECEIVABLE**

Grants receivable consisted of the following as of June 30, 2019:

Early Learning Coalition of SW Florida	\$ 26,536
Redlands Christian Migrant Association	30,076
TK Foundation	100,000
State of Florida	44,271
	<u>\$ 200,883</u>

GUADALUPE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 8 - UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give consisted of the following as of June 30, 2019:

Unconditional promises to give	\$ 6,291,704
Less discounts to net present value	(794,486)
Less allowance for uncollectible promises to give	(44,440)
Net unconditional promises to give	<u><u>\$ 5,452,778</u></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 2.86%.

Unconditional promises to give are scheduled to be received as follows as of June 30, 2019:

Less than one year	\$ 1,568,148
One to five years	3,672,868
More than five years	1,050,688
	<u><u>\$ 6,291,704</u></u>

**NOTE 9 - CONDITIONAL PROMISES 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.

In addition, the Center has a matching pledge of \$3,550,000 for the 2020 and Beyond Campaign, including capital and renovation costs, operating costs for the new and renovated facilities, and endowment funds to maintain the new facilities and programs. Payments will be made to the Center each time the next one million dollar threshold has been met through March 1, 2022, with final payment to be made on or before June 30, 2022.

**NOTE 10 - 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, 2019.



GUADALUPE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 11 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30, 2019:

	Estimated Useful Lives	
Land	N/A	\$ 22,559
Land improvements	N/A	234,658
Building and improvements	7-40 years	7,550,070
Leasehold improvements	7-15 years	53,252
Furniture and equipment	3-15 years	671,874
Vehicles	5 years	112,948
Playground	10 years	56,746
Construction in progress	N/A	674,504
		<u>9,376,611</u>
Less: accumulated depreciation		(2,944,708)
		<u><u>\$ 6,431,903</u></u>

Depreciation expense was \$251,852 for the year ended June 30, 2019.

**NOTE 12 - DEFERRED REVENUE**

As of June 30, 2019, deferred revenue of \$31,000 consisted of sponsorships for future special events.

**NOTE 13 - NET ASSETS**

Net assets without donor restrictions consisted of the following as of June 30, 2019:

Undesignated	\$ 2,348,300
Equity in property and equipment	6,431,903
Board designated - contingency	760,521
Board designated - endowment	229,633
	<u><u>\$ 9,770,357</u></u>

The Board has 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.

The Board has established an endowment fund to enable the growth and sustainability of the Center.

GUADALUPE CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 13 - NET ASSETS (Continued)**

Net assets with donor restrictions consisted of the following as of June 30, 2019:

Specific purpose:	
Building fund	\$ 855,537
Scholarships	1,524,726
Development - planned giving	5,151
Back to school shoes	51,474
Holiday gift shop	21,797
Capital campaign	3,551,537
Endowment earnings - scholarships	148,537
Total specific purpose	<u>6,158,759</u>
Passage of time:	
Building fund promises to give	42,222
Capital campaign promises to give	6,192,446
In-kind rent	50,570
Total passage of time	<u>6,285,238</u>
Perpetual:	
Endowment	2,260,970
	<u>\$ 14,704,967</u>

**NOTE 14 - ENDOWMENTS**

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, 2019, 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. 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.

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**NOTE 14 - ENDOWMENTS (Continued)**

The composition of endowment net assets and the changes in endowment net assets are as follows for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance - July 01, 2018	\$ 940,703	\$ 2,302,076	\$ 3,242,779
Investment return, net	49,451	98,491	147,942
Contributions	-	8,940	8,940
Balance - June 30, 2019	<u>\$ 990,154</u>	<u>\$ 2,409,507</u>	<u>\$ 3,399,661</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 principle 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.

**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, 2019, was \$58,267 and are not considered assets of the Center.

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**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 year ended June 30, 2019, \$20,607 of in-kind rent expense was recognized and \$50,570 remained in net assets with donor restrictions.

**NOTE 17 - OPERATING LEASES**

The Center has various office equipment and property leases expiring between 2019 and 2022.

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

<u>Years ending June 30,</u>	
2020	\$ 99,190
2021	101,204
2022	97,396
2023	48,343
	<u>\$ 346,133</u>

Lease expense was \$96,928 for the year ended June 30, 2019, 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 year ended June 30, 2019, the Center contributed \$74,770 in matching contributions, included in employee benefits.

**NOTE 19 - SCHOLARSHIPS**

The Organization has a tutor corps scholarship program which allows tutors to accrue scholarship money for use in their undergraduate studies. The number of hours worked by the students determine the amount of scholarship money that the tutors accrue each year. Students are subject to various requirements that must be met in order to maintain good standing and continue to be entitled to receive scholarship funds. In connection with this program, the Organization estimates approximately \$1 million in scholarships have been accrued by students still in college and over \$500,000 for high school students. Due to the various requirements the students must meet in order to be entitled to receive the scholarship funds, it is deemed a conditional contribution to the students and therefore, is not recorded until it becomes unconditional. For this reason, no liability has been recorded.