GUADALUPE CENTER, INC.
IMMOKALEE, FLORIDA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Myers Brettholtz & COMPANY, PA
CPAs and Consultants

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Myers Brettholtz & COMPANY, PA
CPAs and Consultants

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, 2020, 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, 2020, 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

MYERS, BRETTHOLTZ & COMPANY, PA
Fort Myers, Florida
December 10, 2020

GUADALUPE CENTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

Assets	
Cash	$ 10,540,028
Cash - restricted for building and scholarships	537,327
Certificates of deposit - restricted for building and scholarships	250,000
Investments	2,261,978
Investments - restricted for endowment	2,332,738
Accounts receivable	5,846
Grants receivable	22,099
Other receivable	13,639
Unconditional promises to give, net	5,868,012
Thrift shop inventory	116,360
Prepaid expenses	111,869
Deposits	18,071
Land available for sale	374,238
Property and equipment, net	9,986,071
Total assets	$ 32,438,276
Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued expenses	$ 457,067
Deferred revenue	17,825
Note payable	800,700
Total liabilities	1,275,592
Net Assets	
Without donor restrictions	13,065,321
With donor restrictions	18,097,363
Total net assets	31,162,684
Total liabilities and net assets	$ 32,438,276

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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Gross proceeds from special fund raising events	$ 1,186,425	$ -	$ 1,186,425
Less costs of direct benefits to donors	296,100	-	296,100
Net proceeds from special fund raising events	890,325	-	890,325
Contributions	3,688,182	5,944,783	9,632,965
Federal grants	186,255	-	186,255
Other grants	422,066	1,439,068	1,861,134
Early childhood education	1,177,799	-	1,177,799
Thrift shop	702,546	-	702,546
Interest and dividends	220,825	-	220,825
Other	36,018	-	36,018
Gain on sale of property and equipment	83,564	-	83,564
Net assets released from restriction	3,939,498	(3,939,498)	-
Total revenue and support	11,347,078	3,444,353	14,791,431
Expenses			
Program services			
Early childhood education	3,624,809	-	3,624,809
Tutoring/tutor corps	2,064,898	-	2,064,898
Total program services	5,689,707	-	5,689,707
Supporting services			
General and administrative	844,421	-	844,421
Fund raising	796,917	-	796,917
Thrift shop	543,703	-	543,703
Total supporting services	2,185,041	-	2,185,041
Total expenses	7,874,748	-	7,874,748
Increase in net assets from operations	3,472,330	3,444,353	6,916,683
Nonoperating Activities			
Investment loss, net	(177,366)	(51,957)	(229,323)
Change in net assets	3,294,964	3,392,396	6,687,360
Net assets, beginning of year	9,770,357	14,704,967	24,475,324
Net assets, end of year	$ 13,065,321	$ 18,097,363	$ 31,162,684

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GUADALUPE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program services		Supporting Services
	Early Childhood Education	Tutoring/ Tutor Corps	General and Administrative
Salaries	$ 2,265,270	$ 1,323,756	$ 232,176
Payroll taxes	144,188	77,939	49,694
Employee benefits	320,141	50,404	52,338
Contracted services	13,168	5,600	37,733
Total salaries and related expenses	2,742,767	1,457,699	371,941
Bank and credit card fees	9,480	366	5,916
Cost of direct benefit to donors	-	-	-
Depreciation	258,289	14,839	7,743
Donations and grants	4,479	23,076	6,097
Education	44,463	3,647	2,692
Student transportation	-	92,589	-
Food	123,734	18,419	1,790
Insurance	56,186	25,924	19,248
Interest	-	-	1,778
Office	78,890	14,678	6,032
Other	30,482	42,139	119,976
Professional services	-	1,800	30,234
Promotional	5,429	7,206	67,221
Rent	3,230	16,705	6,815
Repairs and maintenance	109,638	12,618	25,962
Scholarships	-	232,674	-
Supplies	75,919	39,014	5,172
Telephone	10,750	5,297	1,845
Capital campaign	-	-	123,288
In-kind	2,777	49,188	31,136
Utilities	64,412	2,978	4,599
Vehicle	3,884	4,042	4,936
Total expenses by function	3,624,809	2,064,898	844,421
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	$ 3,624,809	$ 2,064,898	$ 844,421

	Supporting Services		
	Fund Raising	Thrift Shop	Total
Salaries	$ 346,573	$ 249,825	$ 4,417,600
Payroll taxes	37,971	11,092	320,884
Employee benefits	36,627	14,698	474,208
Contracted services	3,670	51,960	112,131
Total salaries and related expenses	424,841	327,575	5,324,823
Bank and credit card fees	9,619	15,286	40,667
Cost of direct benefit to donors	296,100	-	296,100
Depreciation	3,382	2,174	286,427
Donations and grants	1,215	-	34,867
Education	5,326	-	56,128
Student transportation	-	-	92,589
Food	2,130	1,091	147,164
Insurance	4,464	11,332	117,154
Interest	-	-	1,778
Office	13,484	3,886	116,970
Other	21,525	1,236	215,358
Professional services	595	-	32,629
Promotional	1,484	23,004	104,344
Rent	65,133	122,611	214,494
Repairs and maintenance	43,499	12,528	204,245
Scholarships	-	-	232,674
Supplies	1,026	6,523	127,654
Telephone	1,181	2,375	21,448
Capital campaign	87,660	-	210,948
In-kind	107,537	662	191,300
Utilities	-	10,488	82,477
Vehicle	2,816	2,932	18,610
Total expenses by function	1,093,017	543,703	8,170,848
Less expenses included with revenues on the statement of activities			
Cost of direct benefit to donors	(296,100)	-	(296,100)
Total expenses included in the expense section on the statement of activities	$ 796,917	$ 543,703	$ 7,874,748

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GUADALUPE CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

Cash Flows From Operating Activities	
Change in net assets	$ 6,687,360
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Non-cash investment fees	31,498
Non-cash contribution of land	(1,580,000)
Gain on disposal of property and equipment	(83,564)
Depreciation	286,428
Loss on investments	186,573
Provision for uncollectible accounts	16,698
Discount on unconditional promises to give	(117,498)
Changes in:	
Accounts receivable	8,697
Grants receivable	178,784
Other receivable	(10,481)
Unconditional promises to give	(314,434)
Thrift shop inventory	(731)
Prepaid expenses	(89)
Deposits	(814)
Accounts payable and accrued expenses	(21,726)
Deferred revenue	(13,175)
Net cash provided by operating activities	5,253,526
Cash Flows From Investing Activities	
Interest and dividends reinvested	(116,619)
Purchases of investments	(319,459)
Proceeds from sale of investments	238,464
Purchases of certificates of deposit	(250,000)
Proceeds from redemption of certificates of deposit	590,049
Purchase of property and equipment	(2,290,735)
Proceeds from sale of property and equipment	113,703
Net cash used by investing activities	(2,034,597)

Cash Flows From Financing Activities	
Proceeds from note payable	800,700
Net change	4,019,629
Cash, cash equivalents and restricted cash, beginning of year	7,057,726
Cash and restricted cash, end of year	$ 11,077,355

Supplemental Information	
Non-cash contributions of investments	$ 429,227
Non-cash contribution of land	$ 1,580,000

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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 December 10, 2020, the date that the financial statements were available to be issued.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Basis of Accounting</u>

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.

<u>Financial Statement Presentation</u>

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.

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, 2020, 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, 2020.

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 $102,813 for the year ended June 30, 2020, 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.

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 $142,168 for the year ended June 30, 2020, 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.

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 $43,049 for the year ended June 30, 2020, 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 $104,344 during the year ended June 30, 2020.

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.

Restricted cash consists of funds held for long term purposes related to building and scholarships.

The Center invests in federally insured certificates of deposit which are held-to-maturity. As a result, certificates of deposit are carried at amortized cost plus accrued interest. Subsequent write ups or write downs to fair value to recognize unrealized gains or losses are not recorded.

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.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of 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.

Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) (“ASU 2014-09”), which, as amended, supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, as well as most industry-specific guidance, and significantly enhances comparability of revenue recognition practices across entities and industries by providing a principle-based, comprehensive framework for addressing revenue recognition issues. In order for a provider of promised goods or services to recognize as revenue the consideration that it expects to receive in exchange for the promised goods or services, the provider should apply the following five steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. ASU 2014-09, as amended, will be effective for annual reporting periods, beginning after December 15, 2018. The new standard may be applied retrospectively or on a modified retrospective basis with the cumulative effect recognized on the date of adoption. In May 2020, FASB voted to extend by one year the effective date of its revenue recognition standard to all nonpublic entities that have not yet issued their financial statements. The Organization will adopt ASU 2014-09, as amended, commencing in fiscal year 2020, on a modified retrospective basis.

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, 2020, the uninsured balance was $8,632,459, based on the bank statement balances less the FDIC insurance. Cash at investment services companies totaling $19,558 as of June 30, 2020, are not insured by the FDIC.

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	$11,077,355
Certificates of deposit	250,000
Investments	4,594,716
Accounts receivable	5,846
Grants receivable	22,099
Other receivable	13,639
Total financial assets	15,963,655
Less amounts not available to be used within one year:	
Accounts payable and accrued expenses	457,067
Net assets with donor restrictions	15,810,847
Less net assets with purpose restrictions to be met in less than a year	(7,956,348)
	8,311,566
Financial assets available to meet general expenditures over the next year	$ 7,652,089

The Center's goal is to maintain financial assets to meet three months of operating expenses, which is approximately $1,969,000. 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 $4,594,716 as of June 30, 2020.

Investment fees totaling $33,034 for the year ended June 30, 2020, were included in investment loss.

The cost basis of Level 3 investments as of June 30, 2020, or agency funds maintained by the Southwest Florida Community Foundation ("SWFLCF") and the Community Foundation of Collier County ("CFCC") cannot be determined.

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, 2020, 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, 2020
Pooled funds	$ -	$ -	$ 4,594,716	$ 4,594,716

Fair value measurements using significant unobservable inputs (Level 3) as of June 30, 2020:

Beginning balance	$ 4,615,173
Purchases	319,459
Redemptions	(238,464)
Total gains or losses (realized/unrealized) included in earnings	(186,573)
Interest and dividends	116,618
Fees	(31,497)
Ending balance	$ 4,594,716

NOTE 7 - GRANTS RECEIVABLE

Grants receivable consisted of the following as of June 30, 2020:

Early Learning Coalition of SW Florida	$ 3,174
Redlands Christian Migrant Association	18,925
	$ 22,099

NOTE 8 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of the following as of June 30, 2020:

Unconditional promises to give	$ 6,606,138
Less discounts to net present value	(676,988)
Less allowance for uncollectible promises to give	(61,138)
Net unconditional promises to give	$ 5,868,012

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 from .52% to 5.5%.

Unconditional promises to give are scheduled to be received as follows as of June 30, 2020:

Less than one year	$ 1,448,155
One to five years	3,660,420
Six to ten years	511,363
More than ten years	986,200
	$ 6,606,138

NOTE 9 - CONDITIONAL PROMISES TO GIVE

The Center has a matching pledge of $5,000,000 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. As of June 30, 2020, the portion of the pledge that has not yet been received is $1,123,108.

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, 2020.

NOTE 11 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2020:

	Estimated Useful Lives	
Land	N/A	$ 144,658
Land improvements	N/A	1,670,000
Building and improvements	7-40 years	9,416,339
Leasehold improvements	7-15 years	213,854
Furniture and equipment	3-15 years	825,748
Vehicles	5 years	112,948
Playground	10 years	225,952
Construction in progress	N/A	518,802
		13,128,301
Less: accumulated depreciation		(3,142,230)
		$ 9,986,071

Depreciation expense was $286,427 for the year ended June 30, 2020.

NOTE 12 - DEFERRED REVENUE

As of June 30, 2020, deferred revenue of $17,825 consisted of sponsorships for future special events.

NOTE 13 - LINE OF CREDIT

The Center has a revolving line of credit with a bank for a maximum principal amount of $500,000 collateralized by unconditional promises to give. The line of credit matures on May 21, 2021, and has a 4% interest rate. All accrued but unpaid interest is due monthly. As of June 30, 2020, there was no outstanding balance on the line of credit. There was no interest expense for the year ended June 30, 2020.

NOTE 14 - NOTE PAYABLE

During the year ended June 30, 2020, the Center applied and was approved for a $800,700 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The Center is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

NOTE 15 - NET ASSETS

Net assets without donor restrictions consisted of the following as of June 30, 2020:

Undesignated	$ 2,110,913
Equity in property and equipment	9,986,071
Board designated - contingency	968,337
	$ 13,065,321

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.

Net assets with donor restrictions consisted of the following as of June 30, 2020:

Specific purpose:	
Building fund	$ 804,318
Scholarships	1,373,882
Development - planned giving	3,524
Back to school shoes	38,237
Holiday gift shop	1,995
Capital campaign	5,637,812
Endowment earnings - scholarships	96,580
Total specific purpose	7,956,348
Passage of time:	
Building fund promises to give	36,363
Capital campaign promises to give	7,236,394
Bequests	536,549
In-kind rent	45,193
Total passage of time	7,854,499
Perpetual:	
Endowment	2,286,516
	$ 18,097,363

NOTE 16 - 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, 2020, 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.

The composition of endowment net assets and the changes in endowment net assets are as follows for the year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance - July 01, 2019	$ 990,154	$ 2,409,507	$ 3,399,661
Investment loss, net	(21,817)	(51,957)	(73,774)
Contributions	-	25,546	25,546
Balance - June 30, 2020	$ 968,337	$ 2,383,096	$ 3,351,433

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 17 - 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, 2020, $10,326 of in-kind rent expense was recognized and $45,193 remained in net assets with donor restrictions.

NOTE 18 - OPERATING LEASES

The Center has various office equipment and property leases expiring between 2021 and 2026.

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

Years ending June 30,	
2021	$ 142,643
2022	142,131
2023	96,864
2024	52,530
2025	56,359
Thereafter	69,492
	$ 560,019

Lease expense was $129,439 for the year ended June 30, 2020, included in rent and repairs and maintenance.

NOTE 19 - 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, 2020, the Center contributed $75,618 in matching contributions, included in employee benefits.

NOTE 20 - 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.

NOTE 21 - ECONOMIC DEPENDENCY

During the year ending June 30, 2020, the Center received approximately 16% of its total revenue from a single donor.

NOTE 22 - CONTINGENCY

Beginning around March 2020, the COVID-19 virus had been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options at this time. No adjustments have been made to these financial statements, as a result of this uncertainty.

NOTE 23 - SUBSEQUENT EVENT

On September 28, 2020, the Board adopted a resolution to contribute certain interests in real property and certain pre-incurred costs expended in connection with the property to Guadalupe Center Real Estate Holdings, Inc. a Florida not for profit corporation and affiliate of the Center that was incorporated on August 19, 2020.