

GUADALUPE CENTER, INC.
IMMOKALEE, FLORIDA
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

Myers
& Bretttholtz
COMPANY, PA
CPAs and Consultants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Guadalupe Center, Inc.

Report on Financial Statements

We have audited the accompanying financial statements of Guadalupe Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities, cash flows, and functional expenses for the years 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 audits. We conducted our audits 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.

To the Board of Trustees of
Guadalupe Center, Inc.

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 September 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Myers, Brettholtz & Company, PA".

MYERS, BRETTHOLTZ & COMPANY, PA
Fort Myers, Florida
January 15, 2016

GUADALUPE CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30,

	<u>2015</u>	<u>2014</u> <i>(Reclassified)</i>
ASSETS		
Cash	\$ 1,960,713	\$ 1,895,671
Cash restricted for building and scholarships	435,527	407,709
Certificates of deposit, operating	454,627	663,508
Certificates of deposit, restricted for building and scholarships	2,387,510	2,027,703
Investments	33,490	33,669
Accounts receivable	10,650	12,016
Grants receivable	65,466	43,912
Interest receivable	7,333	11,102
Unconditional promises to give, net	450,547	556,490
Resale shop inventory	187,091	140,149
Prepaid expenses	142,575	173,813
Deposits	5,076	4,990
Land available for sale	374,238	374,238
Property and equipment, net	<u>6,181,558</u>	<u>6,345,869</u>
Total assets	<u>\$ 12,696,401</u>	<u>\$ 12,690,839</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 357,236	\$ 324,065
Deferred revenue	<u>141,000</u>	<u>110,000</u>
Total liabilities	<u>498,236</u>	<u>434,065</u>
NET ASSETS		
Unrestricted:		
Operating	2,291,876	2,288,928
Board designated	912,780	862,638
Equity in property and equipment	<u>6,181,558</u>	<u>6,345,869</u>
Total unrestricted	<u>9,386,214</u>	<u>9,497,435</u>
Temporarily restricted	<u>2,811,951</u>	<u>2,759,339</u>
Total net assets	<u>12,198,165</u>	<u>12,256,774</u>
Total liabilities and net assets	<u>\$ 12,696,401</u>	<u>\$ 12,690,839</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 YEAR ENDED SEPTEMBER 30, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Gross proceeds from special fund			
raising events	\$ 589,937	\$ 90,000	\$ 679,937
Less direct costs	325,285	-	325,285
Net proceeds from special fund			
raising events	264,652	90,000	354,652
Contributions	421,490	1,294,948	1,716,438
Federal grants	411,889	-	411,889
Other grants	70,304	1,139,946	1,210,250
Early childhood education	1,057,820	-	1,057,820
Thrift shop	498,909	-	498,909
In-kind rent	-	17,147	17,147
Investment	26,774	-	26,774
Other	92,941	-	92,941
Net assets released from restrictions	2,489,429	(2,489,429)	-
Total revenues and support	5,334,208	52,612	5,386,820
EXPENSES			
Program services	4,096,578	-	4,096,578
General and administrative	371,303	-	371,303
Fund raising	583,195	-	583,195
Thrift shop	394,353	-	394,353
Total expenses	5,445,429	-	5,445,429
(Decrease) increase in net assets	(111,221)	52,612	(58,609)
NET ASSETS - October 1, 2014	9,497,435	2,759,339	12,256,774
NET ASSETS - September 30, 2015	\$ 9,386,214	\$ 2,811,951	\$ 12,198,165

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GUADALUPE CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Gross proceeds from special fund raising events	\$ 476,892	\$ 190,367	\$ 667,259
Less direct costs	234,380	-	234,380
Net proceeds from special fund raising events	242,512	190,367	432,879
Contributions	682,482	911,426	1,593,908
Federal grants	405,310	-	405,310
Other grants	15,681	1,219,249	1,234,930
Early childhood education	1,115,401	-	1,115,401
Thrift shop	373,732	-	373,732
In-kind rent	-	323,806	323,806
Investment	19,303	-	19,303
Other	55,613	-	55,613
Net assets released from restrictions	2,343,999	(2,343,999)	-
Total revenues and support	5,254,033	300,849	5,554,882
EXPENSES			
Program services	3,738,917	-	3,738,917
General and administrative	521,670	-	521,670
Fund raising	693,769	-	693,769
Thrift shop	382,778	-	382,778
Total expenses	5,337,134	-	5,337,134
(Decrease) increase in net assets	(83,101)	300,849	217,748
NET ASSETS - October 1, 2013	9,580,536	2,458,490	12,039,026
NET ASSETS - September 30, 2014	\$ 9,497,435	\$ 2,759,339	\$ 12,256,774

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GUADALUPE CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30,

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	\$ (58,609)	\$ 217,748
Depreciation	266,224	267,508
In-kind rent contribution	(17,147)	(323,806)
In-kind rent expense	120,821	121,597
Net loss (gain) on investments	4,354	(80)
Non-cash contributions of investments	(209,918)	(162,995)
Provision for uncollectible accounts	-	5,472
Recovery of bad debt	(11,428)	-
Discount on unconditional promises to give	(4,599)	2,143
Loss on disposal of property and equipment	1,286	3,766
Changes in:		
Accounts receivable	1,366	(112)
Grants receivable	(21,554)	35,138
Interest receivable	3,769	(7,933)
Unconditional promises to give	13,565	(92,311)
Resale shop inventory	(46,942)	(14,464)
Prepaid expenses	31,238	(3,489)
Deposits	(86)	442
Accounts payable and accrued expenses	33,171	17,622
Deferred revenue	31,000	108,808
Net cash provided by operating activities	<u>136,511</u>	<u>175,054</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of certificates of deposit	(1,815,967)	(2,396,191)
Redemptions of certificates of deposit	1,665,040	2,395,118
Proceeds from sales of investments	205,744	160,567
Purchases of property and equipment	(103,199)	(84,881)
Net cash (used) provided by investing activities	<u>(48,382)</u>	<u>74,613</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes	<u>4,731</u>	<u>25,459</u>
Net increase in cash	92,860	275,126
CASH - October 1, 2014 and 2013	<u>2,303,380</u>	<u>2,028,254</u>
CASH - September 30, 2015 and 2014	<u><u>\$ 2,396,240</u></u>	<u><u>\$ 2,303,380</u></u>
NON-CASH INVESTING ACTIVITIES		
Contributions of securities at fair market value	<u><u>\$ 209,918</u></u>	<u><u>\$ 162,995</u></u>

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GUADALUPE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Program Services	General and Administrative	Fund Raising	Thrift Shop	Total
Salaries and wages	\$ 2,337,677	\$ 192,313	\$ 297,340	\$ 161,183	\$ 2,988,513
Contract services and fees	175,152	17,338	17,788	9,954	220,232
Payroll taxes and employee benefits	396,025	51,431	58,388	21,819	527,663
Total payroll related expenses	<u>2,908,854</u>	<u>261,082</u>	<u>373,516</u>	<u>192,956</u>	<u>3,736,408</u>
Bank and credit card fees	1,624	3,755	22,179	9,026	36,584
Depreciation	234,274	12,601	9,030	10,319	266,224
Donations and grants	13,275	298	3,607	52	17,232
Education	6,986	1,260	2,577	-	10,823
Student transportation	119,149	-	-	-	119,149
Food	165,910	560	7,966	586	175,022
Insurance	45,097	21,471	3,817	16,785	87,170
Office	58,251	5,245	33,150	1,290	97,936
Other	36,781	(2,194)	9,672	7,386	51,645
Professional fees	12,285	18,205	13,300	-	43,790
Promotional	11,218	-	17,965	6,599	35,782
Rent	5,013	5,504	50,973	103,830	165,320
Repairs and maintenance	86,253	22,791	29,682	14,973	153,699
Scholarships	237,293	-	-	-	237,293
Supplies	60,582	5,296	1,398	18,479	85,755
Telephone	9,178	1,999	1,379	936	13,492
Utilities	79,159	6,010	307	10,762	96,238
Vehicle	5,396	7,420	2,677	374	15,867
	<u>\$ 4,096,578</u>	<u>\$ 371,303</u>	<u>\$ 583,195</u>	<u>\$ 394,353</u>	<u>\$ 5,445,429</u>

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GUADALUPE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Program Services	General and Administrative	Fund Raising	Thrift Shop	Total
Salaries and wages	\$ 2,147,889	\$ 244,032	\$ 254,045	\$ 146,846	\$ 2,792,812
Contract services and fees	152,060	22,165	161,533	9,033	344,791
Payroll taxes and employee benefits	402,262	87,685	65,001	21,725	576,673
Total payroll related expenses	2,702,211	353,882	480,579	177,604	3,714,276
Bank and credit card fees	126	15,885	1,482	7,071	24,564
Depreciation	229,580	17,987	9,297	10,644	267,508
Donations and grants	5,945	3,096	1,329	-	10,370
Education	5,948	-	774	-	6,722
Student transportation	76,880	-	-	-	76,880
Food	173,678	182	3,214	142	177,216
Insurance	34,393	26,265	4,214	15,861	80,733
Office	47,366	8,610	30,104	1,761	87,841
Other	34,300	14,201	40,946	7,055	96,502
Professional fees	1,252	17,330	4,717	-	23,299
Promotional	15,000	-	18,162	6,391	39,553
Rent	2,654	5,660	48,940	100,158	157,412
Repairs and maintenance	69,484	28,951	34,190	30,348	162,973
Scholarships	196,087	-	-	-	196,087
Supplies	51,643	4,370	5,658	12,125	73,796
Telephone	11,754	6,115	4,375	2,029	24,273
Utilities	77,214	6,612	1,542	10,600	95,968
Vehicle	3,402	12,524	4,246	989	21,161
	<u>\$ 3,738,917</u>	<u>\$ 521,670</u>	<u>\$ 693,769</u>	<u>\$ 382,778</u>	<u>\$ 5,337,134</u>

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The accompanying notes are an integral
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GUADALUPE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

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 volunteers 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.

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 January 15, 2016, 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 marketable securities with readily determinable fair values are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. The fair value of substantially all securities is determined by quoted prices. Gains or losses on securities sold are based on the specific identification method.

Receivables

Accounts receivable consists of grant and program receivables. All receivables are considered collectible; therefore no allowance for uncollectible accounts has been recorded. Expense is recognized during the period in which a specific account is determined to be uncollectible. There was no bad debt expense for the years ended September 30, 2015 and 2014, respectively.

GUADALUPE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unconditional Promises to Give

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. Recovery of bad debt was \$11,428 for the year ended September 30, 2015, and is netted against other expenses. Bad debt losses were \$33,452 for the year ended September 30, 2014, and are included in other expenses.

Resale 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 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 9 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 \$88,281 and \$79,841 for the years ended September 30, 2015 and 2014, respectively, 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 Organization's federal income tax returns remain subject to examination by the Internal Revenue Service for three years from the date of filing.

The Center is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. The Center is a non-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.

GUADALUPE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 resale 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.

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 16,000 and 13,250 volunteer hours during the years ended September 30, 2015 and 2014, respectively.

Advertising

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

Cash Flows

The Center made no cash payments for income taxes or interest during the years ended September 30, 2015 or 2014.

GUADALUPE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 statements 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.

Reclassification

Accounts receivable and accounts payable and accrued expenses as of September 30, 2014, on the statements of financial position have been reclassified in order to conform with the current year presentation.

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Center maintains cash balances and certificates of deposit at several financial institutions. Accounts and certificates of deposit at the institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per financial institution. As of September 30, 2015 and 2014, the uninsured balances were \$515,468 and \$731,751, respectively, based on the bank statement balances less the FDIC insurance. Cash at investment services companies totaling \$3,044 and \$4 as of September 30, 2015 and 2014, are not insured by the FDIC.

NOTE 5 - INVESTMENTS

Investments consisted of marketable equity securities as of September 30, 2015 and 2014.

The following are the major categories of assets measured at fair value on a recurring basis during the year ended September 30, 2015, 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 September 30, 2015
Equity securities	\$ 33,490	\$ -	\$ -	\$ 33,490

GUADALUPE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

NOTE 5 - INVESTMENTS (Continued)

The following are the major categories of assets measured at fair value on a recurring basis during the year ended September 30, 2014, 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 September 30, 2014
Equity securities	<u>\$ 33,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,669</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 years ended September 30,:

	2015	2014
Interest and dividends	\$ 31,128	\$ 19,222
Net realized losses	(4,175)	(2,428)
Net unrealized (loss) gain	(179)	2,509
	<u>\$ 26,774</u>	<u>\$ 19,303</u>

NOTE 6 - GRANTS RECEIVABLE

Grants receivable consisted of the following as of September 30,:

	2015	2014
Early Learning Coalition of SW Florida	\$ 16,906	\$ 18,607
Redlands Christian Migrant Association	25,013	6,132
State of Florida	23,547	19,173
	<u>\$ 65,466</u>	<u>\$ 43,912</u>

GUADALUPE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

NOTE 7 - UNCONDITIONAL PROMISES TO GIVE

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

	2015	2014
Unconditional promises to give	\$ 331,287	\$ 346,738
In-kind leases	140,549	247,069
Total unconditional promises to give	471,836	593,807
Less discounts to net present value	(8,445)	(13,044)
Less allowance for uncollectible promises to give	(12,844)	(24,273)
Net unconditional promises to give	<u>\$ 450,547</u>	<u>\$ 556,490</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 2.12%.

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

	2015	2014
Less than one year	\$ 315,641	\$ 300,531
One to five years	129,207	260,037
More than five years	26,988	33,239
	<u>\$ 471,836</u>	<u>\$ 593,807</u>

NOTE 8 - LAND AVAILABLE FOR SALE

The Center purchased land with the intent to use for operations. During the year ended September 30, 2012 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 September 30, 2015.

NOTE 9 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of September 30,:

	Useful Lives	2015	2014
Land	N/A	\$ 22,558	\$ 22,558
Leasehold improvements	7-15 years	9,512	5,462
Buildings and improvements	7-40 years	7,542,966	7,542,966
Furniture and equipment	3-40 years	616,977	645,131
Vehicles	5-7 years	121,110	82,637
Assets not in service	N/A	1,400	-
		8,314,523	8,298,754
Less: accumulated depreciation		<u>(2,132,965)</u>	<u>(1,952,885)</u>
		<u>\$ 6,181,558</u>	<u>\$ 6,345,869</u>

Depreciation expense for the years ended September 30, 2015 and 2014 was \$266,224 and \$267,508, respectively.

Read Independent Auditor's Report.

GUADALUPE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

NOTE 10 - DEFERRED REVENUE

As of September 30, 2015 and 2014, deferred revenue consisted of \$141,000 and \$110,000, respectively, of sponsorships for future special events.

NOTE 11 - 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. Principle 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 September 30,:

	2015	2014
Endowment	\$ 202,392	\$ 177,725
Contingency	710,388	684,913
	<u>\$ 912,780</u>	<u>\$ 862,638</u>

NOTE 12 - TEMPORARILY RESTRICTED NET ASSETS

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

	2015	2014
Temporarily restricted for purpose:		
Building fund	\$ 1,113,514	\$ 1,102,264
Scholarships	1,377,949	1,179,652
Development - planned giving	6,801	12,917
Tutor program	93,662	59,654
Thanksgiving in the Park	19,244	-
Total temporarily restricted for purpose	<u>2,611,170</u>	<u>2,354,487</u>
Temporarily restricted for time:		
Signature event	-	94,147
Building fund promises to give	60,972	67,222
In-kind leases	139,809	243,483
Total temporarily restricted for time	<u>200,781</u>	<u>404,852</u>
Total temporarily restricted net assets	<u>\$ 2,811,951</u>	<u>\$ 2,759,339</u>

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NOTE 13 - DONATED USE OF PROPERTY

The Center utilizes a facility owned by a family foundation for its thrift shop. The use of the facility has been granted to the Center for a term of three years with an option to purchase the property at any time during this period. The Center recognized the fair market value of the donated space, totaling \$2,846 and \$303,417 as a temporarily restricted contribution during the years ended September 30, 2015 and 2014, respectively. During the term of the lease a proportionate amount of the contribution will be recorded as released from temporary restriction. During the years ended September 30, 2015 and 2014 \$103,830 and \$96,815, respectively, of in-kind rent expense was recognized and \$126,822 and \$227,806, respectively, remained temporarily restricted.

The Center has a lease agreement for office space. Under the terms of the lease, the Center is not responsible for rent payments, but is responsible for payment of its pro rata share of common area maintenance of the office complex. The Center recognized the fair market value of the donated rent, totaling \$14,301 and \$20,389 as a temporarily restricted contribution during the years ended September 30, 2015 and 2014, respectively. During the term of the lease a proportionate amount of the contribution will be recorded as released from temporary restriction. During the years ended September 30, 2015 and 2014 \$16,991 and \$24,782, respectively, of in-kind rent expense was recognized and \$12,987 and \$15,677, respectively, remained temporarily restricted.

NOTE 14 - OPERATING LEASES

The Center has various office equipment leases expiring during 2018.

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

<u>Years ending September 30,:</u>	
2016	\$ 6,884
2017	6,884
2018	3,136
	<u>\$ 16,904</u>

Lease expense for both years ended September 30, 2015 and 2014 was \$6,884, and is included in repairs and maintenance in the statement of functional expenses.

NOTE 15 - DEFINED CONTRIBUTION PLAN

The Center has established a 401(k) 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 3% of employee wages based upon the employee contributing up to 6% of their income. For the years ended September 30, 2015 and 2014, the Center contributed \$38,375 and \$38,277, respectively, in matching contributions which are included in employee benefits.

NOTE 16 - CONTINGENCY

During the year ended September 30, 2013, a lawsuit was filed against the Center for a slip and fall incident. A corresponding insurance claim was filed with the Center's insurance provider. The lawsuit was subsequently settled in December 2015 for \$50,000 to be paid by the Center's insurance provider.

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NOTE 17 - ECONOMIC DEPENDENCY

During the years ended September 30, 2015 and 2014, the Center received approximately 16% of its total revenue from grants from the Naples Children & Education Foundation, Inc.

During the years ended September 30, 2015 and 2014, the Center received approximately 12% and 11%, respectively, of its total revenue from their signature event.