

GUADALUPE CENTER, INC

COMBINED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

GUADALUPE CENTER, INC.

TABLE OF CONTENTS

FOR THE YEAR ENDED JUNE 30, 2022

	<u>PAGE</u>
Independent Auditor's Report	1-2
Combined Financial Statements	
Combined Statement of Financial Position	3
Combined Statement of Activities	4
Combined Statement of Functional Expenses	5
Combined Statement of Cash Flows	6
Notes to The Combined Financial Statements	7-18

ROGERS WOOD HILL STARMAN & GUSTASON

PROFESSIONAL ASSOCIATION

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

2375 TAMiami TRAIL NORTH, SUITE 110

NAPLES, FLORIDA 34103

SHELDON W. STARMAN, C.P.A.

RONALD W. GUSTASON, C.P.A.

SHARON A. BELCHER, C.P.A.

SCOT A. SHEPARD, C.P.A.

SEAN M. NOLAN, C.P.A.

KIM (QIONG) CHEN, C.P.A.

LAURA L. GELMAN

THOMAS J. GANO, C.P.A.

MEMBERS

AMERICAN INSTITUTE OF CERTIFIED

PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF CERTIFIED

PUBLIC ACCOUNTANTS

OFFICES

NAPLES 262-1040

MARCO ISLAND 394-7502

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Guadalupe Center, Inc.
Immokalee, Florida

Opinion

We have audited the accompanying financial statements of Guadalupe Center, Inc. (a nonprofit organization), and affiliates, which comprise the combined statement of financial position as of June 30, 2022, and the related combined statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Guadalupe Center, Inc. and affiliates as of June 30, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT - continued

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Guadalupe Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Guadalupe Center's ability to continue as a going concern for a reasonable period of time.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



ROGERS WOOD HILL STARMAN & GUSTASON, P.A.
Certified Public Accountants & Advisors
November 29, 2022

GUADALUPE CENTER, INC.
COMBINED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

Cash and cash equivalents	\$ 3,307,915
Cash and cash equivalents - restricted	1,518,672
Beneficial interest in assets held by Community Foundation	7,561,469
Beneficial interest in assets held by Community Foundation - restricted	2,621,676
Grants receivable	248,817
Other receivable	2,082
Unconditional promises to give, net	2,671,281
Thrift shop inventory	121,434
Prepaid expenses	240,812
Deposits	20,472
Loan receivable from TNT - Guadalupe NMTC Fund, LLC	10,473,050
Land available for sale	224,912
Property and equipment, net	<u>23,978,437</u>
Total assets	<u><u>\$ 52,991,029</u></u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 976,700
Accrued interest payable	8,302
Scholarship liability	1,114,751
TRF NMTC Fund XLIX, L.P.	8,500,000
PSG Sub CDE 9, LLC	<u>7,275,000</u>
Total liabilities	<u>17,874,753</u>

Net assets:

Without donor restrictions

Undesignated	13,540,817
Board designated - contingency	<u>1,677,338</u>
Total net assets without donor restrictions	<u>15,218,155</u>

With donor restrictions

Purpose and time restrictions	17,611,605
Perpetual in nature	<u>2,286,516</u>
Total net assets with donor restrictions	<u>19,898,121</u>

Total net assets	<u>35,116,276</u>
Total liabilities and net assets	<u><u>\$ 52,991,029</u></u>

GUADALUPE CENTER, INC.
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT:			
Contributions	\$ 4,959,765	\$ 564,334	\$ 5,524,099
Federal grants	356,020	-	356,020
Early childhood education grants	2,462,490		2,462,490
Investment return	(1,200,139)	-	(1,200,139)
Special fundraising events	1,261,708	-	1,261,708
Goods contributed - Thrift shop	426,041		426,041
Thrift shop revenue	1,052,259	-	1,052,259
Less cost of goods sold	(426,041)		(426,041)
Other income	30,731	-	30,731
	<hr/>	<hr/>	<hr/>
Total revenues and support - before releases from restrictions	8,922,834	564,334	9,487,168
Net assets released from restrictions	773,034	(773,034)	-
	<hr/>	<hr/>	<hr/>
Total revenues and support	9,695,868	(208,700)	9,487,168
	<hr/>	<hr/>	<hr/>
OPERATING EXPENSES:			
Program services			
Early childhood education	4,865,475	-	4,865,475
Tutoring/tutor corps	2,326,708	-	2,326,708
Administrative and general	1,260,377	-	1,260,377
Fundraising	1,075,493	-	1,075,493
Thrift shop	594,110	-	594,110
	<hr/>	<hr/>	<hr/>
Total expenses	10,122,163	-	10,122,163
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	(426,295)	(208,700)	(634,995)
NET ASSETS - Beginning of year	15,644,450	20,106,821	35,751,271
	<hr/>	<hr/>	<hr/>
NET ASSETS - End of year	<u>\$ 15,218,155</u>	<u>\$ 19,898,121</u>	<u>\$ 35,116,276</u>

GUADALUPE CENTER, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	PROGRAM SERVICES		SUPPORTING SERVICES			
	Early Childhood Education	Tutoring/ Tutor Corps	Administrative and General	Fundraising	Thrift Shop	Total
Salaries	\$ 3,083,362	\$ 1,341,006	\$ 500,655	\$ 547,326	\$ 193,294	\$ 5,665,859
Payroll taxes	214,019	89,837	63,404	40,332	11,703	419,077
Employee benefits	343,782	53,852	68,819	44,285	12,353	523,092
Contracted services	30,595	14,547	11,629	14,172	114,367	185,309
Bank and credit card fees	17,097	-	66,872	409	25,260	109,638
Special events expenses	-	-	-	201,755	-	201,755
Depreciation	318,903	17,652	7,524	3,211	11,240	358,529
Donations and grants	10,544	34,964	151	5,525	-	51,185
Education	37,486	4,101	9,424	3,877	-	54,888
Student transportation	-	143,750	-	-	-	143,750
Food	302,306	11,248	4,208	2,393	628	320,782
Insurance	65,407	10,709	57,513	10,022	17,584	161,236
Interest	-	-	81,349	-	-	81,349
Office	42,085	21,701	66,252	3,605	949	134,592
Other	56,746	19,769	16,977	25,971	2,665	122,127
Professional services	1,470	21	120,049	-	-	121,540
Promotional	-	19,074	69,394	706	27,018	116,192
Rent	-	18,608	7,386	66,470	138,162	230,626
Repairs and maintenance	139,383	47,669	48,891	381	4,210	240,534
Scholarships	-	418,276	-	-	-	418,276
Supplies	85,230	38,531	27,613	13,372	13,106	177,853
Telephone	23,471	9,218	4,053	3,337	3,565	43,644
Miscellaneous	4,000	5,000	500	83,941	7,500	100,941
Utilities	81,499	4,619	6,395	655	8,703	101,871
Vehicle	8,090	2,556	19,319	3,749	1,803	35,518
Loss on disposal of asset	-	-	2,000	-	-	2,000
Total	<u>\$ 4,865,475</u>	<u>\$ 2,326,708</u>	<u>\$ 1,260,377</u>	<u>\$ 1,075,493</u>	<u>\$ 594,110</u>	<u>\$ 10,122,163</u>

GUADALUPE CENTER, INC.
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (634,995)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Non-cash investment fees	45,874
Depreciation	358,529
Changes in:	
Grants receivable	(48,462)
Other receivable	60,585
Unconditional promises to give	1,125,500
Thrift shop inventory	(17,560)
Prepaid expenses	(48,497)
Deposits	(3,000)
Accounts payable and accrued expenses	<u>(1,018,470)</u>
Net cash used by operating activities	<u>(180,496)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and dividends reinvested	(210,363)
Purchases of investments	(4,835,171)
Proceeds from sale of investments	1,532,419
Purchase of property and equipment	<u>(8,710,553)</u>
Net cash used by investing activities	<u>(12,223,668)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
	<u>-</u>
Net Change in Cash and cash equivalents	(12,404,164)
Cash and cash equivalents, beginning of year	<u>17,230,751</u>
Cash and equivalents, end of year	<u><u>\$ 4,826,587</u></u>

GUADALUPE CENTER, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS - JUNE 30, 2022

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

Consolidation

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

Basis of Accounting

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

Financial Statements

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

Net Assets

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

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

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

Contributions

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

Cash and Cash Equivalents

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

Board Designated Net Assets

The Board of Directors has agreed to designate the use of certain funds for future operating contingencies.

GUADALUPE CENTER, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS - JUNE 30, 2022

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

Investments - Beneficial Interest

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

Accounts and Grants Receivable

The Center uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Bad debt expense is recognized during the period in which a specific promise to give is determined to be uncollectible. The Center's management has reviewed receivables outstanding as of June 30, 2022, and considers them to be fully collectible. Based on this review and the Center's prior history of insignificant bad debt on receivables, the allowance for uncollectible accounts is approximately \$94,000.

Promises to Give

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

Thrift Shop Inventory

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

Property and Equipment

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

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

Compensated Absences

The Center accumulates and records a liability for compensated absences accrued by employees. Unused personal time off has been accrued as a liability in the amount of \$171,116 for the year ended June 30, 2022, and is included in accounts payable and accrued expenses.

GUADALUPE CENTER, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS - JUNE 30, 2022

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

Income Taxes

The Center and its affiliate are qualified tax exempt organizations under Code Section 501(c)(3) of the Internal Revenue Code and are exempt from income taxes, except on net income derived from unrelated business activities. The Center and its affiliate have no revenues derived from unrelated business activities; accordingly, no provision for income taxes has been made. The Center follows the income tax standard for uncertain tax positions and, as a result, has evaluated its tax positions and determined it has no uncertain tax positions as of June 30, 2022.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

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

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

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

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

Donated Services and in-Kind Contributions

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

The fair value of contributed space is recorded as restricted when the Center initially enters into a lease allowing the free use of facilities. When the Center meets the time restrictions in the lease agreement, the proportionate amount of 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 \$98,976 for the year ended June 30, 2022, 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 \$116,000 during the year ended June 30, 2022.

GUADALUPE CENTER, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS - JUNE 30, 2022

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

Expense Allocation

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

NOTE 2 - LIQUIDITY AND AVAILABILITY

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

Cash and cash equivalents	\$ 4,826,587
Beneficial interest in assets held by the Community Foundation	10,183,145
Grants receivable	248,817
Other receivable	2,082
Unconditional promises to give, net	<u>2,671,281</u>
Total financial assets	<u>17,931,912</u>

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

Less net assets with purpose restrictions and designated contingency fund	(12,079,656)
Less net assets with time restrictions unavailable within one year	(39,957)
Less perpetual perpetually restricted assets	<u>(2,286,516)</u>
	<u>(14,406,129)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,525,783</u>

Although the Center does not intend to spend funds from the board-designated contingency fund, which at June 30, 2022 totaled \$1,677,337, this amount could be made available subject to board approval in order to fund operations, if necessary.

NOTE 3 - PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following as of June 30, 2022:

Land	\$ 1,814,658
Building and improvements	23,405,161
Leasehold improvements	221,964
Furniture and fixtures	1,357,395
Vehicles	127,947
Playground	<u>824,749</u>
	27,751,874
Less accumulated depreciation	<u>(3,773,437)</u>
Total	<u>\$ 23,978,437</u>

Depreciation expense for the year ended June 30, 2022 was \$358,529.

GUADALUPE CENTER, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS - JUNE 30, 2022

NOTE 4 - INVESTMENT RETURN

Investment return, net of investment expense consists of the following for the year ended June 30, 2022:

Interest & dividends	\$ 275,435
Net realized gains(losses)	151,799
Net unrealized gains(losses)	(1,627,373)
	<u>\$ (1,200,139)</u>

Investment expense for the year ended June 30, 2022 was \$46,039. Investment expense is included in the functional expense allocation.

NOTE 5 - FAIR VALUE MEASUREMENTS

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

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

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

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

The following are the major categories of assets measured at fair value on a recurring basis during the year ended June 30, 2022:

Pooled investment funds	Fair Value	Level 3
at Community Foundation	<u>\$ 10,183,145</u>	<u>\$ 10,183,145</u>

GUADALUPE CENTER, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS - JUNE 30, 2022

NOTE 6 - BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

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

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

The changes in the agency endowment fund for the year ended June 30, 2022 are as follows:

Community Foundation endowment funds, beginning balance	\$ 6,715,884
Purchases	4,835,178
Redemptions	(8,694)
Total gains or losses (realized/unrealized) included in earnings	(1,523,723)
Interest and dividends	210,364
Investment management fees	(45,864)
Community Foundation endowment funds, ending balance	<u><u>\$ 10,183,145</u></u>

NOTE 7 - LAND AVAILABLE FOR SALE

The Center purchased land with intent to use it for operations. Subsequently, the Center made the determination to sell the land. The land is being carried at cost, as it is lower than the estimated market value as of June 30, 2022

NOTE 8 - SPECIAL EVENTS

The Center conducts special events each year. Special event revenues and expenses consisted of the following for the year ended June 30, 2022:

	<u>Signature Event</u>	<u>Golf Tournament</u>	<u>Total</u>
Revenue	\$ 1,213,176	\$ 48,532	\$ 1,261,708
Less: Expenses	(186,168)	(15,587)	(201,755)
Special event income, net	<u><u>\$ 1,027,008</u></u>	<u><u>\$ 32,945</u></u>	<u><u>\$ 1,059,953</u></u>

GUADALUPE CENTER, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS - JUNE 30, 2022

NOTE 9 - CONCENTRATION OF CREDIT RISK

The Center maintains accounts at financial institutions in bank deposits which, at times, may exceed federally insured limits of \$250,000. At June 30, 2022, the Center's uninsured cash balance totaled approximately \$2,600,000.

NOTE 10 - DONATED USE OF PROPERTY

The Center has a lease agreement for office space. The current fair market value of rent in the area is approximately \$21-\$26 per square foot. Under the terms of the lease, the Center currently pays rent at a discounted rate of \$13 per square foot and it is responsible for payment of its pro rata share of common area maintenance of the office complex. During the year ended June 30, 2022, A Restricted in-kind contribution of \$7,446 was recorded to recognize the value of the reduced rent received over the term of the lease. As of June 30, 2022, \$29,790 remained in net assets with donor restrictions for future use.

NOTE 11 - LEASE OBLIGATIONS

The Center has various office equipment and property leases expiring between 2023 and 2027.

Future minimum lease payments required are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 272,185
2024	286,108
2025	286,790
2026	294,037
2027	302,899
	<u>\$ 1,442,019</u>

Rent expense, including common area maintenance fees for the year ended June 30, 2022 totaled \$466,839.

NOTE 12 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of the following as of June 30, 2022:

Unconditional promises to give	\$ 3,417,155
Less: discounts to net present value	(651,573)
Less: allowance for uncollectible promises to give	(94,301)
Net unconditional promises to give	<u>\$ 2,671,281</u>

Unconditional promises to give to be collected in less than one year are recorded at face value. Unconditional promises to give to be collected after one year are recorded at the present value using a discount rate ranging from from 1.22% to 5.5%.

Less than one year	\$ 1,007,331
One to five years	1,140,388
Six to ten years	616,236
More than ten years	653,200
	<u>\$ 3,417,155</u>

GUADALUPE CENTER, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS - JUNE 30, 2022

NOTE 13 - NET ASSETS

Net assets without donor restrictions consisted of the following as of June 30, 2022:

Undesignated	\$ 13,539,661
Board designated - contingency	1,677,338
	<u>\$ 15,216,999</u>

The Board has established a contingency fund. Subject to board approval 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, 2022:

Specific purpose:	
Building fund	\$ 707,549
Scholarships	1,093,209
Development - planned giving	3,524
Back to school supplies	25,332
Holiday gift shop	7,833
Capital campaign - building	8,179,354
Endowment earnings - scholarships	385,517
Total specific purpose	<u>10,402,318</u>

Passage of time:	
Building fund promises to give	23,863
Capital campaign promises to give	6,369,085
Long term pledges	786,549
In-kind rent	29,790
Total passage of time	<u>7,209,287</u>

Perpetual:	
Endowment	2,286,516
	<u>\$ 19,898,121</u>

GUADALUPE CENTER, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS - JUNE 30, 2022

NOTE 14 - ENDOWMENT

The Center has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As of June 30, 2022, 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 appreciation of investments, (h) other resources of the Center, and (i) the Center's investment policies.

The composition of endowment net assets and the changes in endowment net assets are as follows for the year ended June 30, 2022:

	Without Donor Restrictions	Perpetual Restrictions	Temporary Restrictions	Total
Balance - July 1, 2021	\$ 1,957,984	\$ 2,286,516	\$ 804,742	\$ 5,049,242
Investment gain(loss), net	(280,646)	-	(438,862)	(719,508)
Contributions	-	-	19,637	19,637
Balance - June 30, 2022	<u>\$ 1,677,338</u>	<u>\$ 2,286,516</u>	<u>\$ 385,517</u>	<u>\$ 4,349,371</u>

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

GUADALUPE CENTER, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS - JUNE 30, 2022

NOTE 14 - ENDOWMENT - continued

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 - EMPLOYEE BENEFIT PLAN

The Center has established a defined contribution plan (the "Plan") under IRC Section 401(k) for eligible employees. Employees are eligible to participate in the Plan if they are 21 years of age and work at least 1,000 hours per year. The Center matches up to 4% of employee wages based upon the employee contributing up to 5% of their income. For the year ended June 30, 2022, the Center contributed \$84,410 in matching contributions, which is included in employee benefits.

NOTE 16 - SCHOLARSHIPS

The Center sponsors a tutor scholarship program which allows tutors to accrue scholarship money for use in their undergraduate studies. The program requires students to meet various conditions to earn and utilize scholarship funds. This program is considered to be the last source of funding and it is incumbent on the students to provide the required documentation to receive funding. Management performs an annual analysis to determine an estimated liability for the scholarships and has recorded \$1,114,751 as a current liability.

NOTE 17 - CONTINGENCIES

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

GUADALUPE CENTER, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS - JUNE 30, 2022

NOTE 18 - RELATED-PARTY TRANSACTIONS

The Center received \$761,000 in contributions from members of the board of directors during the year ended June 30, 2022.

NOTE 19 - NEW MARKET TAX FINANCING

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

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

The loan receivable from TNT-Guadalupe NMTC Fund, LLC accrues interest at a fixed rate of 1.00%. Starting in November 2020, interest-only payments are due quarterly over the first seven years ("Compliance Period"). Commencing with the March 2028 quarterly payment, the QEI will be required to make quarterly principal and interest payments through the maturity date of December 1, 2054. The outstanding principal balance was \$10,473,050 at June 30, 2022. Interest income related to this note was \$104,730 for the year ended June 30, 2022.

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

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

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

GUADALUPE CENTER, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS - JUNE 30, 2022

NOTE 19 - NEW MARKET TAX FINANCING - continued

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

The affiliated company has outstanding balances on the notes at June 30, 2022 are as follows:

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

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

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

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

NOTE 20 - RECENT ACCOUNTING PRONOUNCEMENTS

In 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The ASU is effective for annual reporting periods beginning after December 15, 2021. The Center is currently evaluating the guidance to determine the impact the standard will have on the financial statements.

NOTE 21 - SUBSEQUENT EVENTS

Subsequent events were evaluated through November 29, 2022 which is the date the financial statements were available to be issued.

On September 28, 2022, Hurricane Ian hit Southwest Florida causing severe flooding in many communities. Management anticipates that the extensive damage to homes and business throughout the region may have a negative impact on the area. The affect of such impact cannot be determined at this time. The Organization continues to operate in accordance with its mission.