

**Girls Incorporated of Sarasota County**

**Financial Statements**

**For the Years Ended September 30, 2020 and 2019**

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# Mercurio & Maxwell, CPA's, LLC

Certified Public Accountant  
713 South Orange Avenue, Suite 103  
Sarasota, Florida 34236

Tel: (941) 706-4632  
Fax: (941) 706-4637  
Email: jody@jjmcpa.net

Member  
American Institute of Certified  
Public Accountants  
Florida Institute of Certified  
Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Girls Incorporated of Sarasota County

We have audited the accompanying financial statements of Girls Incorporated of Sarasota County (a nonprofit organization), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

Board of Directors  
Girls Incorporated of Sarasota County

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girls Incorporated of Sarasota County as of September 30, 2020, 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.

**Report on Summarized Comparative Information**

We have previously audited Girls Incorporated of Sarasota County financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 17, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Mercuro & Maxwell, CPA's, LLC*

Sarasota, Florida  
January 15, 2021

## STATEMENTS OF FINANCIAL POSITION

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 637,367	\$ 459,331
Cash and cash equivalents with donor restrictions	169,475	248,934
Investments held with the Community Foundation of Sarasota County, Inc.	87,340	85,295
Grants receivable, net	109,750	193,302
Prepaid expenses and other current assets	5,625	23,424
Right of use asset, net	5,001	13,883
Property and equipment, net of accumulated depreciation	1,375,960	1,506,682
Land lease commitment	950,760	1,006,000
Beneficial interest in the net assets of the Community Foundation of Sarasota County, Inc.	<u>349,549</u>	<u>243,241</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,690,827</u></b>	<b><u>\$ 3,780,092</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities		
Accounts payable	\$ 114,823	\$ 145,415
Lease liability	5,001	13,883
Note payable - line of credit	100,000	-
Payroll protection program	168,200	-
Deferred revenue	<u>5,150</u>	<u>17,250</u>
Total liabilities	393,174	176,548
Net assets		
Without donor restrictions		
Undesignated	222,159	285,385
Board Designated	120,000	120,000
Invested in property and equipment, net	<u>1,375,960</u>	<u>1,506,682</u>
	1,718,119	1,912,067
With donor restrictions		
Purpose restrictions	279,225	442,236
Beneficial interest in the net assets of the Community Foundation of Sarasota County, Inc.	349,549	243,241
Land lease commitment	<u>950,760</u>	<u>1,006,000</u>
	1,579,534	1,691,477
Total net assets	<u>3,297,653</u>	<u>3,603,544</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,690,827</u></b>	<b><u>\$ 3,780,092</u></b>

See accompanying notes to financial statements.

**STATEMENTS OF ACTIVITIES**  
Years Ended September 30, 2020 and 2019

	Without Donor Restrictions	With Donor Restrictions	2020	2019
Revenue, Support and Gains				
Contributions	\$ 747,655	\$ -	\$ 747,655	\$ 464,973
Gifts and grants	-	183,904	183,904	751,355
Grants, government	-	104,281	104,281	127,687
Special events (net of direct expenses of \$22,291 and \$97,453, respectively)	153,288	-	153,288	350,217
Program service fees	79,408	-	79,408	226,338
Interest and dividend income	2,613	-	2,613	2,636
Realized/unrealized gains on investments	3,910	-	3,910	948
Change in fair value of net assets of the Community Foundation of Sarasota County, Inc with beneficial interest.	-	106,308	106,308	97,413
In-kind contributions	-	33,186	33,186	34,951
Miscellaneous income	-	-	-	115
	<u>986,874</u>	<u>427,679</u>	<u>1,414,553</u>	<u>2,056,633</u>
Net assets released from restrictions	<u>539,622</u>	<u>(539,622)</u>	<u>-</u>	<u>-</u>
Total revenue, support and gains	<u>1,526,496</u>	<u>(111,943)</u>	<u>1,414,553</u>	<u>2,056,633</u>
Expenses				
Program services	1,368,133	-	1,368,133	1,384,942
Supporting services expense				
General and administrative	211,252	-	211,252	204,862
Fundraising	161,606	-	161,606	148,349
Total expenses	<u>1,740,991</u>	<u>-</u>	<u>1,740,991</u>	<u>1,738,153</u>
Change in net assets	(214,495)	(111,943)	(326,438)	318,480
Net assets, beginning of year	1,912,067	1,691,477	3,603,544	3,285,064
Prior period adjustment	<u>20,547</u>	<u>-</u>	<u>20,547</u>	<u>-</u>
Net assets, end of year	<u><u>\$ 1,718,119</u></u>	<u><u>\$ 1,579,534</u></u>	<u><u>\$ 3,297,653</u></u>	<u><u>\$ 3,603,544</u></u>

See accompanying notes to financial statements.

## STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2020

	Program Services	General and Administrative	Fundraising	Total Expenses
Salaries	\$ 657,172	\$ 122,672	\$ 96,385	\$ 876,229
Payroll taxes	48,611	9,074	7,130	64,815
Employee insurance and benefits	63,813	11,912	9,359	85,084
Advertising	1,046	-	-	1,046
Building repair and maintenance	57,214	6,893	4,825	68,932
Charges and fees	14,345	9,877	1,653	25,875
Computer maintenance	12,265	3,504	1,752	17,521
Consumables, client supplies and services	99,341	-	6,807	106,148
Cost of special events	-	-	22,291	22,291
Depreciation	112,536	13,559	9,491	135,586
Dues and donation	17,761	1,781	1,540	21,082
Electric	5,510	664	465	6,639
Equipment lease and rental	11,273	1,358	951	13,582
Fees and rentals	1,013	-	-	1,013
General insurance	38,900	4,686	3,281	46,867
In-kind rent expense	73,394	8,843	6,190	88,427
Legal and accounting	34,118	4,111	2,877	41,106
Miscellaneous	4,486	541	378	5,405
Office supplies	1,386	167	117	1,668
Postage and delivery	2,646	319	223	3,188
Printing and reproduction	3,614	435	305	4,354
Professional development	1,320	159	111	1,590
Scholarships	20,031	-	-	20,031
Taxes and licenses	1,159	140	98	1,397
Telephone	4,747	1,356	678	6,781
Temporary contract staff	34,306	6,404	5,032	45,742
Travel	8,345	1,006	704	10,055
Vehicle expense	22,918	-	-	22,918
Water and waste disposal	14,865	1,791	1,254	17,910
<b>Total expenses by function</b>	<b>1,368,133</b>	<b>211,252</b>	<b>183,897</b>	<b>1,763,282</b>
Less expenses included with revenues on the statement of activities				
Cost of special events	-	-	22,291	22,291
<b>Total functional expenses</b>	<b>\$ 1,368,133</b>	<b>\$ 211,252</b>	<b>\$ 161,606</b>	<b>\$ 1,740,991</b>

See accompanying notes to financial statements

## STATEMENT OF FUNCTIONAL EXPENSES

For the Year ended September 30, 2019

	Program Services	General and Administrative	Fundraising	Total Expenses
Salaries	\$ 574,657	\$ 107,269	\$ 84,283	\$ 766,209
Payroll taxes	44,253	8,261	6,491	59,005
Employee insurance and benefits	66,871	12,483	9,808	89,162
Advertising	1,572	-	-	1,572
Building repair and maintenance	51,612	6,218	4,353	62,183
Charges and fees	10,954	15,155	1,272	27,381
Computer maintenance	4,906	1,402	701	7,009
Consumables, client supplies and services	146,699	-	3,563	150,262
Cost of special events	-	-	97,453	97,453
Depreciation	109,348	13,174	9,222	131,744
Dues and donation	17,875	1,921	1,638	21,434
Electric	20,348	2,452	1,716	24,516
Equipment lease and rental	12,775	1,539	1,077	15,391
Fees and rentals	6,960	-	-	6,960
General insurance	43,114	5,195	3,636	51,945
In-kind rent expense	73,393	8,843	6,190	88,426
Legal and accounting	33,516	5,866	3,474	42,856
Minor equipment	7,093	-	-	7,093
Miscellaneous	3,737	450	315	4,502
Office supplies	374	45	32	451
Postage and delivery	2,136	257	180	2,573
Printing and reproduction	4,948	596	417	5,961
Professional development	4,505	543	380	5,428
Scholarships	23,247	-	-	23,247
Taxes and licenses	1,005	121	85	1,211
Telephone	4,966	1,419	709	7,094
Temporary contract staff	40,640	7,586	5,960	54,186
Travel	21,376	2,576	1,803	25,755
Vehicle expense	39,685	-	-	39,685
Water and waste disposal	12,377	1,491	1,044	14,912
<b>Total expenses by function</b>	<b><u>1,384,942</u></b>	<b><u>204,862</u></b>	<b><u>245,802</u></b>	<b><u>1,835,606</u></b>
Less expenses included with revenues on the statement of activities				
Cost of special events	<u>-</u>	<u>-</u>	<u>97,453</u>	<u>97,453</u>
<b>Total functional expenses</b>	<b><u>\$ 1,384,942</u></b>	<b><u>\$ 204,862</u></b>	<b><u>\$ 148,349</u></b>	<b><u>\$ 1,738,153</u></b>

See accompanying notes to financial statements.



**STATEMENTS OF CASH FLOW**  
Years ended September 30, 2020 and 2019

	2020	2019
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (326,438)	\$ 318,480
Adjustments to reconcile operating activities:		
Depreciation expense	135,586	131,744
Change in fair value of beneficial interest in the net assets of Community Foundation of Sarasota County, Inc.	(106,308)	(97,413)
Realized and unrealized (gains) losses on investments	(3,910)	(948)
Land lease commitment	55,241	53,475
Change in operating assets and liabilities:		
Unconditional promises to give	83,552	(143,802)
Prepaid expenses and other current assets	17,799	(153)
Right of use asset	8,882	8,882
Accounts payable	(10,043)	54,189
Lease liability	(8,882)	(8,882)
Deferred income	(12,100)	7,435
Net cash provided by operating activities	(166,621)	323,007
<b>Cash flows from investing activities:</b>		
Purchase of investments held at the Community Foundation of Sarasota County, Inc.	(1,987)	(2,058)
Distribution for scholarships	3,852	3,791
Purchases of property and equipment	(4,867)	(235,296)
Net cash used by investing activities	(3,002)	(233,563)
<b>Cash flows from financing activities:</b>		
Increase in line of credit	100,000	-
Payroll protection program loan	168,200	-
Net cash received from financing activities	268,200	-
Net increase (decrease) in cash and cash equivalents	98,577	89,444
Cash and cash equivalents - beginning	708,265	618,821
Cash and cash equivalents - ending	\$ 806,842	\$ 708,265
Detail of cash and cash equivalents, end of year		
Cash and cash equivalents	637,367	459,331
Cash and cash equivalents with donor restrictions	169,475	248,934
Cash and cash equivalents - ending	\$ 806,842	\$ 708,265
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	\$ 2,545	\$ 294
Supplemental disclosure of non-cash investing and financial activity		
Accounts payable for property and equipment	\$ -	\$ -
Equipment financed through capital lease arrangement	\$ -	\$ -

See accompanying notes to financial statements.

**Notes to Financial Statements**  
September 30, 2020

**Note 1 – Principal Activity and Significant Accounting Policies:**

Organization

Girls Incorporated of Sarasota County is a non-profit Florida corporation founded in 1973 through the initiative of community leaders and backed by the creation of Coquille, an auxiliary, volunteer-based fundraising branch that attracted significant attention and participation from the community. We work to meet the specific environmental challenges facing girls and young women, always working in partnership with schools and communities, and guided by the founders' fundamental belief in the inherent potential of each girl. Our core values and mission are to create a safe gathering place for girls to learn and to share in a sisterhood, and a strong premise that each girl can develop her own capacities, self-confidence, and grow up healthy, educated and independent. A combination of long-lasting mentoring relationships, a pro-girl environment, and research-based programming equips girls to lead fulfilling and productive lives, break the cycle of poverty, and become role models in their community.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Promises to Give

We record unconditional promises to give expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At December 31, 2020 and 2019, the allowance was \$0.

Property and Equipment

We record property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to thirty years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

**Notes to Financial Statements**  
September 30, 2020

**Note 1 – Principal Activity and Significant Accounting Policies – (continued):**

Property and Equipment (continued)

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2020 and 2019 respectively.

Beneficial Interest in Net Assets of the Community Foundation of Sarasota County, Inc.:

During 2011, \$100,000 of donor received pledges was directed to the Community Foundation of Sarasota County, Inc. (the "Community Foundation") to set up the Donna Brace Ogilvie Endowment Fund (the "Fund"). The Fund was created through an agreement between us, the Community Foundation, and the donor which holds the funds in perpetuity for our sole and exclusive benefit. Upon receipt of these funds, the Community Foundation contributed an additional \$20,000 towards the Fund. Contributions to the fund were \$100,000 and \$100,000 as of September 30, 2020 and 2019, respectively. Based on the agreement signed with the donor, the Community Foundation does not have the ability to redirect the earnings to any other entity other than us, unless we are dissolved. Since the Fund held by the Community Foundation is held in perpetuity for us, the fair value of the beneficial interest in the net assets of the Fund is recognized as a net asset with donor restrictions. In relation to this Fund, we have recognized in the statement of financial position, a beneficial interest in the net assets of the Community Foundation in the amount of \$349,549 and \$243,241 as of September 30, 2020 and 2019, respectively. The change in fair value of this beneficial interest is included as a change in fair value in the beneficial interest in the net assets of the Community Foundation in the statement of activities.

Investments Held with the Community Foundation of Sarasota County, Inc.

The Foundation of Girls Incorporated of Sarasota County (the "Foundation") held investments with the Community Foundation of Sarasota County, Inc. which were transferred to us during the year ended September 30, 2013. During fiscal year 2013 the Foundation was dissolved and a new agreement was established. As part of the new agreement investments are held by the Community Foundation of Sarasota County. In relation to these investments we have recognized in the statement of financial position, at fair value, Investments held with the Community Foundation of Sarasota County, Inc. in the amount of \$87,340 and \$85,295 as of September 30, 2020 and 2019, respectively. The change in fair value of this investment is included as a change in the net assets Without Donor Restrictions interest and dividend income and in realized and unrealized gains/(losses) on investments in the statement of activities.

**Notes to Financial Statements**  
September 30, 2020

**Note 1 – Principal Activity and Significant Accounting Policies – (continued):**

Investments

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-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 or certain grantor 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 stipulates 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.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

We report revenue for the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated. During the year ended September 30, 2020 in-kind contributions consisted of in-kind rent of \$33,186. During the year ended September 30, 2019, in-kind contributions consisted of in-kind rent of \$34,951.

**Notes to Financial Statements**  
September 30, 2020

**Note 1 – Principal Activity and Significant Accounting Policies – (continued):**

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Our sole purpose is promoting health, social, cultural, vocational and character development of girls.

Income Taxes

Girls Incorporated of Sarasota County, Inc. is organized as a Florida nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under Sections 509(a)(1) and (3), respectively. We are required to annually file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, we are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined that we are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

We have been determined to be generally exempt from income tax under section 501 (c)(3) of the Internal Revenue Code. We are required to pay income taxes on the excess of revenue derived from activities unrelated to the tax-exempt purpose over the related expenses.

Estimates

The presentation 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 reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies, and foundations supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by us. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

**Notes to Financial Statements**  
September 30, 2020

**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	\$637,367
Endowment spending rate distributions	<u>6,522</u>
	<u>\$643,889</u>

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments, CDs, and money market funds.

**Note 3 - Fair Value Measurements and Disclosures:**

We report certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

**Notes to Financial Statements**  
September 30, 2020

**Note 3 - Fair Value Measurements and Disclosures – (continued):**

A significant portion of our investment assets are classified within Level 1 because they are comprised of stocks and bonds with readily determinable fair values based on daily redemption values. We invest in CDs traded in the financial markets. Those CDs and U.S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2. The fair values of beneficial interests in charitable and perpetual trusts are determined by us using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees. The fair value of our beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 measurements.

We use net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

The following table presents assets and liabilities measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at September 30, 2020:

	Quoted Market Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at September 2020
Investments held with the Community Foundation Of Sarasota County, Inc.				
Cash and cash equivalents	\$ 221	\$ -	\$ -	\$ 221
Common and preferred stock	54,849	-	-	54,849
Debt	24,001	-	-	24,001
Commodities	1,274	-	-	1,274
Absolute return	-	-	-	-
Real estate funds	4,642	-	-	4,642
Private equity funds	-	-	-	-
Other alternative investments	-	-	2,353	2,353
	<u>\$ 84,987</u>	<u>\$ -</u>	<u>\$ 2,353</u>	<u>\$ 87,340</u>
Beneficial interest in the net assets of the Community Foundation of Sarasota County, Inc.				
Cash and cash equivalents	\$ 100,631	\$ -	\$ -	\$ 100,631
Common and preferred stock	156,717	-	-	156,717
Debt	68,577	-	-	68,577
Commodities	3,641	-	-	3,641
Absolute return	-	-	-	-
Real estate funds	13,261	-	-	13,261
Private equity funds	-	-	-	-
Other alternative investments	-	-	6,722	6,722
	<u>\$ 342,827</u>	<u>\$ -</u>	<u>\$ 6,722</u>	<u>\$ 349,549</u>
Total	<u>\$ 427,814</u>	<u>\$ -</u>	<u>\$ 9,075</u>	<u>\$ 436,889</u>

## Notes to Financial Statements

September 30, 2020

**Note 3 - Fair Value Measurements and Disclosures – (continued):**

The following table presents assets and liabilities measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at September 30, 2019:

	Quoted Market Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at September 2019
Investments held with the Community Foundation Of Sarasota County, Inc.				
Cash and cash equivalents	\$ 611	\$ -	\$ -	\$ 611
Common and preferred stock	51,902	-	-	51,902
Debt	19,551	-	-	19,551
Commodities	2,817	-	-	2,817
Absolute return	353	-	-	353
Real estate funds	6,292	-	-	6,292
Private equity funds	-	-	665	665
Other alternative investments	-	-	3,104	3,104
	<u>\$ 81,526</u>	<u>\$ -</u>	<u>\$ 3,769</u>	<u>\$ 85,295</u>
Beneficial interest in the net assets of the Community Foundation of Sarasota County, Inc.				
Cash and cash equivalents	\$ 101,025	\$ -	\$ -	\$ 101,025
Common and preferred stock	87,161	-	-	87,161
Debt	32,834	-	-	32,834
Commodities	4,731	-	-	4,731
Absolute return	593	-	-	593
Real estate funds	10,567	-	-	10,567
Private equity funds	-	-	1,117	1,117
Other alternative investments	-	-	5,213	5,213
	<u>\$ 236,911</u>	<u>\$ -</u>	<u>\$ 6,330</u>	<u>\$ 243,241</u>
Total	<u>\$ 318,437</u>	<u>\$ -</u>	<u>\$ 10,099</u>	<u>\$ 328,536</u>



**Notes to Financial Statements**  
September 30, 2020

**Note 3 – Fair Value Hierarchy – Continued:**

The following is a reconciliation of the investments in which significant unobservable inputs (Level 3) were used in determining value:

Fair value at October 1, 2018	\$ 15,478
Sale of Level 3 investments	-
Change in value of beneficial interest in the net assets of the Community Foundation of Sarasota County, Inc. for the year ended September 30, 2019	<u>(5,379)</u>
Level 3 value at September 30, 2019	10,099
Sale of Level 3 investments	-
Change in value of beneficial interest in the net assets of the Community Foundation of Sarasota County, Inc. for the year ended September 30, 2020	<u>(1,024)</u>
Level 3 value at September 30, 2020	<u>\$ 9,075</u>

The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

**Note 4 – Grants Receivable:**

Grants Receivables totaled \$103,250 and \$193,302 at September 30, 2020 and 2019 respectively. These Grants Receivable have been discounted to their fair value using a discount rate of 6.5%. We considers all grants to be collectible.

	<u>2020</u>	<u>2019</u>
Gross amounts due in		
Less than one year	\$ 109,750	\$ 90,250
One to five years	-	109,750
More than five years	-	-
Less: Discount	<u>-</u>	<u>(6,698)</u>
Total	<u>\$ 109,750</u>	<u>\$ 193,302</u>

**Notes to Financial Statements - Continued**  
September 30, 2020

**Note 5 – Property and Equipment:**

Property and equipment consist of the following as of September 30:

	<u>2020</u>	<u>2019</u>
Building	\$ 2,202,720	\$ 2,202,720
Leasehold improvements	1,144,113	1,144,113
Furniture and equipment	343,680	338,816
Vehicles	<u>98,800</u>	<u>98,800</u>
Total	3,789,313	3,784,449
Less – accumulated depreciation	<u>(2,413,353)</u>	<u>(2,277,767)</u>
Net book value	<u>\$ 1,375,960</u>	<u>\$ 1,506,682</u>

Depreciation expense was \$135,586 and \$131,744 for the twelve months ended September 30, 2020 and 2019, respectively.

The majority of the property and equipment disclosed above, including the building and leasehold improvements, reside on land that is not owned by the Organization. The use and disposition of these assets are subject to the land lease contract with Sarasota County and may ultimately be reverted to Sarasota County upon termination of the lease.

**Note 6 – Land Lease Commitment:**

On June 28, 1993, we executed an initial land lease agreement with Sarasota County for lease of land at 201 South Tuttle Avenue, Sarasota, Florida. On March 24, 2009, a new land lease for the same land was executed. The estimated fair value of the lease payments related to the land lease agreement executed on March 24, 2009 was used to estimate the net present value of the expected underlying benefit. During 2009, the net present value of the expected underlying benefit of this land lease was recorded as a temporarily restricted contribution in the statements of activities in the amount of \$1,489,747 and as a land lease commitment in the statement of financial position. Annually, as the benefits are derived from this land lease, the asset is reduced by the difference between estimated in-kind rent contribution and estimated in-kind rent expense.

The statements of activities include the in-kind rent contribution as in-kind contributions in the amounts of \$33,186 and \$34,951 for the years ending September 30, 2020 and 2019, respectively. Additionally, the statements of functional expenses reflect the in-kind rent expense of \$88,427 for the years ending September 30, 2020 and 2019.

**Notes to Financial Statements - Continued**  
September 30, 2020

**Note 7 – Leases:**

We lease office equipment under operating leases expiring in 2021 and 2022. Future minimum lease payments are as follow:

<u>Year Ended September 30,</u>	<u>Amount</u>
2021	\$ 4,270
2022	731
2023	-
2024	-
2025 and thereafter,	<u>-</u>
Total future minimum lease payments	\$ <u>5,001</u>

**Note 8 – Line of Credit:**

We have a \$100,000 revolving line of credit with a bank, secured by accounts receivable and other business assets. Borrowings under the line bear interest at the bank's prime rate plus 1.00%, 5% at September 30, 2020 and 2019. Accrued interest and principal are due at maturity, July 17, 2021. The agreement requires us to comply with certain financial and non-financial covenants. The balance outstanding was \$100,000 and \$0 at September 30, 2020 and 2019, respectively.

**Note 9 – Note Payable – Paycheck Protection Program:**

On April 12, 2020, we received loan proceeds in the amount of approximately \$168,200 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower used the loan proceeds for eligible purpose, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of the loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period. Subsequent to the audit period on November 10, 2020, we received notification that the note payable in the amount of \$168,200 was forgiven in full.

**Note 10 – Advertising Costs:**

Advertising costs are expensed as incurred and approximated \$1,046 and \$1,572 during the years ended September 30, 2020 and 2019, respectively.

**Note 11 – Functionalized Expenses:**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other which are allocated on the basis of estimates of time and effort.

**Notes to Financial Statements - Continued**  
September 30, 2020

**Note 12 – Defined Contribution Plan:**

We have a 401(k) plan to which all eligible employees can participate. The plan provides for the matching of amounts contributed by employees up to 2% of gross wages after completing 1 year of qualified service. The Organization's contribution to this plan as of September 30, 2020 and 2019 was \$9,722 and \$7,662, respectively.

**Note 13 – Net Assets with Donor Restrictions:**

At September 30, Net Assets with Donor restrictions consisted of the following:

	<u>2020</u>	<u>2019</u>
Contributions	\$ 169,475	\$ 248,934
Time restriction, land lease	950,760	1,006,000
Unconditional promises to give	109,750	193,302
Beneficial interest in the net assets of the Community Foundation of Sarasota Co.	<u>349,549</u>	<u>243,241</u>
Total	<u>\$ 1,579,534</u>	<u>\$ 1,691,477</u>

Net assets were released from donor restrictions during fiscal years 2020 and 2019, by incurring expenses satisfying the restricted purpose specified by donees.

**Note 14 – Special Events Revenue:**

For the years ended September 30, special events revenue consisted of the following:

	<u>2020</u>	<u>2019</u>
Gross special events revenue	\$ 175,579	\$ 447,670
Less direct expenses	<u>(22,291)</u>	<u>(97,453)</u>
Total	<u>\$ 153,288</u>	<u>\$ 350,217</u>

**Note 15 – Prior Period Adjustment:**

Retained earnings have been adjusted to correct an expense inadvertently accrued on the prior year financial statements.

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Beginning balance net assets	\$ 1,912,067	\$ 1,691,477
Plus accrued expense	<u>20,547</u>	<u>-</u>
Total	<u>\$ 1,932,614</u>	<u>\$ 1,691,477</u>

**Notes to Financial Statements - Continued**  
September 30, 2020

**Note 16 – Evaluation of Subsequent Events:**

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on our financial condition, liquidity, and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, we are not able to estimate the effects of the COVID-19 outbreak on the results of operations, financial condition, or liquidity for year ended 2021.

We have evaluated subsequent events through January 15, 2021, the date the financial statements were available to be issued.