

Girls Incorporated of Sarasota County

Financial Statements

For the Years Ended September 30, 2019 and 2018

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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, 2019 and 2018, 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, 2019, 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.

Mercurio & Maxwell, CPA's, LLC

Sarasota, Florida
January 17, 2020

STATEMENTS OF FINANCIAL POSITION

	September 30,	
	2019	2018
<u>ASSETS</u>		
Cash and cash equivalents	\$ 459,331	\$ 305,643
Cash and cash equivalents with donor restrictions	248,934	313,178
Investments held with the Community Foundation of Sarasota County, Inc.	85,295	86,080
Grants receivable, net	193,302	49,500
Prepaid expenses and other current assets	23,424	23,271
Property and equipment, net of accumulated depreciation	1,506,682	1,403,129
Land lease commitment	1,006,000	1,059,476
Beneficial interest in the net assets of the Community Foundation of Sarasota County, Inc.	243,241	145,828
TOTAL ASSETS	\$ 3,766,209	\$ 3,386,105
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable	\$ 21,227	\$ 1,724
Accrued expenses	124,188	89,502
Deferred revenue	17,250	9,815
Total liabilities	162,665	101,041
Net assets		
Without donor restrictions		
Undesignated	285,385	213,953
Board Designated	120,000	100,000
Invested in property and equipment, net	1,506,682	1,403,129
	<u>1,912,067</u>	<u>1,717,082</u>
With donor restrictions		
Purpose restrictions	442,236	362,678
Beneficial interest in the net assets of the Community Foundation of Sarasota County, Inc.	243,241	145,828
Land lease commitment	1,006,000	1,059,476
	<u>1,691,477</u>	<u>1,567,982</u>
Total net assets	3,603,544	3,285,064
TOTAL LIABILITIES AND NET ASSETS	\$ 3,766,209	\$ 3,386,105

See accompanying notes to financial statements.

STATEMENTS OF ACTIVITIES

	Without Donor Restrictions	With Donor Restrictions	2019	2018
Revenue, Support and Gains				
Contributions	\$ 464,973	\$ -	\$ 464,973	\$ 569,435
Gifts and grants	-	751,355	751,355	743,630
Grants, government	-	127,687	127,687	88,235
Special events (net of direct expenses of \$97,453 and \$92,167, respectively)	350,217	-	350,217	308,807
Program service fees	226,338	-	226,338	268,909
Interest and dividend income	2,636	-	2,636	2,623
Gain/(loss) sale of asset	-	-	-	8,700
Realized/unrealized gains on investments	948	-	948	3,588
Change in fair value of net assets of the Community Foundation of Sarasota County, Inc with beneficial interest.	-	97,413	97,413	2,025
In-kind contributions	-	34,951	34,951	36,658
Miscellaneous income	115	-	115	1,198
	<u>1,045,227</u>	<u>1,011,406</u>	<u>2,056,633</u>	<u>2,033,808</u>
Net assets released from restrictions	<u>887,911</u>	<u>(887,911)</u>	<u>-</u>	<u>-</u>
Total revenue, support and gains	<u>1,933,138</u>	<u>123,495</u>	<u>2,056,633</u>	<u>2,033,808</u>
Expenses				
Program services	1,384,942	-	1,384,942	1,279,022
Supporting services expense				
General and administrative	204,862	-	204,862	190,580
Fundraising	148,349	-	148,349	145,566
Total expenses	<u>1,738,153</u>	<u>-</u>	<u>1,738,153</u>	<u>1,615,168</u>
Change in net assets	194,985	123,495	318,480	418,640
Net assets, beginning of year	<u>1,717,082</u>	<u>1,567,982</u>	<u>3,285,064</u>	<u>2,866,424</u>
Net assets, end of year	<u>\$ 1,912,067</u>	<u>\$ 1,691,477</u>	<u>\$ 3,603,544</u>	<u>\$ 3,285,064</u>

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	44,254	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	17,876	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	73,394	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	21,377	2,576	1,803	25,755
Vehicle expense	39,685	-	-	39,685
Water and waste disposal	12,377	1,491	1,044	14,912
Total expenses by function	1,384,942	204,862	245,802	1,835,606
Less expenses included with revenues on the statement of activities				
Cost of special events	-	-	97,453	97,453
Total functional expenses	\$ 1,384,942	\$ 204,862	\$ 148,349	\$ 1,738,153

See accompanying notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year ended September 30, 2018

	Program Services	General and Administrative	Fundraising	Total Expenses
Salaries	\$ 546,129	\$ 101,943	\$ 80,099	\$ 728,170
Payroll taxes	39,908	7,450	5,853	53,211
Employee insurance and benefits	55,442	10,349	8,131	73,922
Advertising	1,378	-	-	1,378
Building repair and maintenance	47,936	5,121	3,586	56,643
Charges and fees	13,729	10,026	6,391	30,146
Computer maintenance	5,777	1,651	825	8,253
Consumables, client supplies and services	109,834	-	2,850	112,684
Cost of special events	-	-	92,167	92,167
Depreciation	94,179	11,347	7,942	113,468
Dues and donation	16,049	1,580	1,370	18,999
Electric	25,412	3,062	2,143	30,617
Equipment lease and rental	12,092	1,457	1,020	14,569
Fees and rentals	4,321	-	-	4,321
General insurance	38,173	4,599	3,219	45,991
In-kind rent expense	73,394	8,843	6,190	88,427
Legal and accounting	35,081	5,812	3,521	44,414
Minor equipment	-	149	-	149
Miscellaneous	2,873	512	358	3,743
Office supplies	943	114	79	1,136
Postage and delivery	3,794	457	320	4,571
Printing and reproduction	7,138	860	602	8,600
Professional development	5,184	625	437	6,246
Scholarships	13,882	-	-	13,882
Taxes and licenses	1,329	160	112	1,601
Telephone	5,818	1,662	831	8,312
Temporary contract staff	48,870	9,122	7,167	65,159
Travel	18,130	2,184	1,529	21,843
Vehicle expense	40,471	79	-	40,550
Water and waste disposal	11,756	1,416	991	14,163
Total expenses by function	1,279,022	190,580	237,733	1,707,335
Less expenses included with revenues on the statement of activities				
Cost of special events	-	-	92,167	92,167
Total functional expenses	\$ 1,279,022	\$ 190,580	\$ 145,566	\$ 1,615,168

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOW

	<u>For the Years Ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 318,480	\$ 418,640
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation expense	131,744	113,468
Change in fair value of beneficial interest in the net assets of Community Foundation of Sarasota County, Inc.	(97,413)	(2,025)
Realized and unrealized (gains) losses on investments	(948)	(3,588)
Land lease commitment	53,475	51,769
Change in operating assets and liabilities:		
Accounts receivable	-	2,805
Unconditional promises to give	(143,802)	104,783
Prepaid expenses and other current assets	(153)	(3,975)
Right of use	8,882	8,882
Accounts payable	19,503	(1,645)
Accrued expenses	34,686	20,608
Lease liability	(8,882)	(8,882)
Deferred income	7,435	4,190
Net cash provided by operating activities	<u>323,007</u>	<u>705,030</u>
Cash flows from investing activities:		
Purchase of investments held at the Community Foundation of Sarasota County, Inc.	(2,058)	(2,058)
Distribution for scholarships	3,791	3,718
Purchases of property and equipment	<u>(235,296)</u>	<u>(498,585)</u>
Net cash used by investing activities	<u>(233,563)</u>	<u>(496,925)</u>
Net increase (decrease) in cash and cash equivalents	89,444	208,105
Cash and cash equivalents - beginning	<u>618,821</u>	<u>410,716</u>
Cash and cash equivalents - ending	<u>\$ 708,265</u>	<u>\$ 618,821</u>
Detail of cash and cash equivalents, end of year		
Cash and cash equivalents	459,331	305,643
Cash and cash equivalents with donor restrictions	<u>248,934</u>	<u>313,178</u>
Cash and cash equivalents - ending	<u>\$ 708,265</u>	<u>\$ 618,821</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	\$ 294	\$ 375
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, 2019

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, 2019 and 2018, 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, 2019

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, 2019 and 2018 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 \$0 as of September 30, 2019 and 2018, 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 \$243,241 and \$145,828 as of September 30, 2019 and 2018, 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 \$85,295 and \$86,080 as of September 30, 2019 and 2018, 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, 2019

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, 2019 in-kind contributions consisted of in-kind rent of \$34,951. During the year ended September 30, 2018, in-kind contributions consisted of in-kind rent of \$36,658.

Notes to Financial Statements
September 30, 2019

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, 2019

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

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Change in Accounting Principle

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

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	\$459,331
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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.

Notes to Financial Statements
September 30, 2019

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

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.

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.

Notes to Financial Statements
September 30, 2019

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	\$ 1,025	\$ -	\$ -	\$ 1,025
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>\$ 136,911</u>	<u>\$ -</u>	<u>\$ 6,330</u>	<u>\$ 143,241</u>
Total	<u>\$ 218,437</u>	<u>\$ -</u>	<u>\$ 10,099</u>	<u>\$ 228,536</u>

Notes to Financial Statements
September 30, 2019

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, 2018:

	Quoted Market Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at September 2018
Investments held with the Community Foundation Of Sarasota County, Inc.				
Cash and cash equivalents	\$ 704	\$ -	\$ -	\$ 704
Common and preferred stock	52,258	-	-	52,258
Debt	21,090	-	-	21,090
Commodities	2,201	-	-	2,201
Absolute return	277	-	-	277
Real estate funds	3,805	-	-	3,805
Private equity funds	-	-	725	725
Other alternative investments	-	-	5,020	5,020
	<u>\$ 80,335</u>	<u>\$ -</u>	<u>\$ 5,745</u>	<u>\$ 86,080</u>
Beneficial interest in the net assets of the Community Foundation of Sarasota County, Inc.				
Cash and cash equivalents	\$ 1,193	\$ -	\$ -	\$ 1,193
Common and preferred stock	88,531	-	-	88,531
Debt	35,728	-	-	35,728
Commodities	3,728	-	-	3,728
Absolute return	470	-	-	470
Real estate funds	6,445	-	-	6,445
Private equity funds	-	-	1,227	1,227
Other alternative investments	-	-	8,506	8,506
	<u>\$ 136,095</u>	<u>\$ -</u>	<u>\$ 9,733</u>	<u>\$ 145,828</u>
Total	<u>\$ 216,430</u>	<u>\$ -</u>	<u>\$ 15,478</u>	<u>\$ 231,908</u>

Notes to Financial Statements - Continued
September 30, 2019

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, 2017	\$ 21,019
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, 2018	<u>(5,541)</u>
Level 3 value at September 30, 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	<u>\$ 10,099</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 \$193,302 and \$49,500 at September 30, 2019 and 2018 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>2019</u>	<u>2018</u>
Gross amounts due in		
Less than one year	\$ 90,250	\$ 49,500
One to five years	109,750	-
More than five years	-	-
Less: Discount	<u>(6,698)</u>	<u>-</u>
Total	<u>\$ 193,302</u>	<u>\$ 49,500</u>

Notes to Financial Statements - Continued
September 30, 2019

Note 5 – Property and Equipment:

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

	<u>2019</u>	<u>2018</u>
Building	\$ 2,202,720	\$ 2,202,720
Leasehold improvements	1,144,113	917,155
Furniture and equipment	338,816	330,477
Vehicles	<u>98,800</u>	<u>98,800</u>
Total	3,784,449	3,549,152
Less – accumulated depreciation	<u>(2,277,767)</u>	<u>(2,146,023)</u>
Net book value	<u>\$ 1,506,682</u>	<u>\$ 1,403,129</u>

Depreciation expense was \$131,744 and \$113,468 for the twelve months ended September 30, 2019 and 2018, 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 \$34,951 and \$36,658 for the years ending September 30, 2019 and 2018, respectively. Additionally, the statements of functional expenses reflect the in-kind rent expense of \$88,427 for the years ending September 30, 2019 and 2018.

Notes to Financial Statements - Continued
September 30, 2019

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>
2020	\$ 8,882
2021	4,270
2022	731
2023	-
2024 and thereafter,	<u>-</u>
Total future minimum lease payments	\$ <u>13,883</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%. Accrued interest and principal are due at maturity, October 23, 2021. The agreement requires us to comply with certain financial and non-financial covenants.

Note 9 – Advertising Costs:

Advertising costs are expensed as incurred and approximated \$1,572 and \$1,378 during the years ended September 30, 2019 and 2018, respectively.

Note 10 – 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.

Note 11 – Defined Contribution Plan:

We have a 401(k) plan to which all 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 eligible service. The Organization's contribution to this plan as of September 30, 2019 and 2018 was \$7,662 and \$8,392, respectively.

Notes to Financial Statements - Continued
September 30, 2019

Note 12 – Net Assets with Donor Restrictions:

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

	<u>2019</u>	<u>2018</u>
Contributions	\$ 248,934	\$ 313,178
Time restriction, land lease	1,006,000	1,059,476
Unconditional promises to give	193,302	49,500
Beneficial interest in the net assets of the Community Foundation of Sarasota Co.	<u>243,241</u>	<u>145,828</u>
Total	<u>\$ 1,691,477</u>	<u>\$ 1,567,982</u>

Net assets were released from donor restrictions during fiscal years 2019 and 2018, by incurring expenses satisfying the restricted purpose specified by donees.

Note 13 – Special Events Revenue:

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

	<u>2019</u>	<u>2018</u>
Gross special events revenue	\$ 447,670	\$ 400,974
Less direct expenses	<u>(97,453)</u>	<u>(92,167)</u>
Total	<u>\$ 350,217</u>	<u>\$ 308,807</u>

Note 14 – Evaluation of Subsequent Events:

Subsequent events have been evaluated through January 17, 2020, the date which the financial statements were available to be issued.