

**NEW HORIZONS OF
SOUTHWEST FLORIDA, INC.**

FINANCIAL STATEMENTS

AUGUST 31, 2021 AND 2020

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INTEGRITY.....KNOWLEDGE.....SERVICE.....COMMITMENT®

Independent Auditor's Report

To the Board of Directors of
New Horizons of Southwest Florida, Inc.
Bonita Springs, Florida

Opinion

We have audited the accompanying financial statements of New Horizons of Southwest Florida, Inc. (the "Organization") (a nonprofit organization) which comprise the statements of financial position as of August 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Horizons of Southwest Florida, Inc. as of August 31, 2021 and 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.

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 New Horizons of Southwest Florida, 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.

Responsibilities of Management 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, and for 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.

Affiliations

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*By Appointment Only

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about New Horizons of Southwest Florida, Inc.'s ability to continue as a going concern within one year after the date that the 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 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, including omissions, 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 financial statements.

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

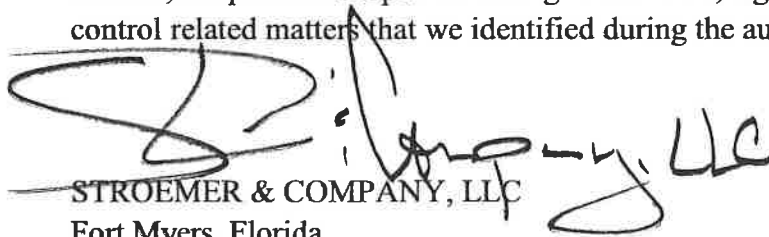
- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 New Horizons of Southwest Florida, Inc.'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 financial statements.

New Horizons of Southwest Florida, Inc.

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- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about New Horizons of Southwest Florida, Inc.'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.

A large, stylized handwritten signature in black ink, appearing to read "Stroemer & Company, LLC", is written over the printed name of the firm.

STROEMER & COMPANY, LLC

Fort Myers, Florida

October 25, 2021

NEW HORIZONS OF SOUTHWEST FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
August 31, 2021 and 2020

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	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 278,285	\$ 528,155
Certificates of deposit	256,745	256,354
Beneficial interest in assets held by others	1,372,200	858,972
Prepaid insurance	70,346	95,528
Other prepaid expenses	1,195	1,195
Property and equipment, net	<u>154,972</u>	<u>177,900</u>
TOTAL ASSETS	<u>\$ 2,133,743</u>	<u>\$ 1,918,104</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 10,527	\$ 2,620
Accrued expenses	22,437	20,072
Refundable advance	387,565	358,913
Note payable	<u>149,900</u>	<u>149,900</u>
TOTAL LIABILITIES	570,429	531,505
NET ASSETS		
Without donor restrictions - undesignated	209,900	135,603
Without donor restrictions - designated	<u>1,299,269</u>	<u>1,111,712</u>
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	1,509,169	1,247,315
Net assets with donor restrictions	<u>54,145</u>	<u>139,284</u>
TOTAL NET ASSETS	<u>1,563,314</u>	<u>1,386,599</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,133,743</u>	<u>\$ 1,918,104</u>

The accompanying notes are an integral part of these financial statements.

NEW HORIZONS OF SOUTHWEST FLORIDA, INC.
STATEMENT OF ACTIVITIES
Year ended August 31, 2021

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	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
CHANGES IN NET ASSETS			
SUPPORT AND REVENUE			
Contributions	\$ 1,419,715	\$ 360,235	\$ 1,779,950
Grant revenue	769,988	-	769,988
Special event revenue - net of cost of direct donor benefit	214,024	-	214,024
In-kind goods and services	159,550	-	159,550
In-kind rental income	122,500	-	122,500
Investment income	194,624	-	194,624
Interest income	367	-	367
Gain on sale of property and equipment	1,050	-	1,050
TOTAL SUPPORT AND REVENUE	2,881,818	360,235	3,242,053
NET ASSET RECLASSIFICATIONS			
Net assets released from restrictions	445,374	(445,374)	-
TOTAL NET ASSET RECLASSIFICATIONS	445,374	(445,374)	-
EXPENSES			
Program services	2,576,920	-	2,576,920
Management and general	392,450	-	392,450
Fundraising	95,968	-	95,968
TOTAL EXPENSES	3,065,338	-	3,065,338
CHANGE IN NET ASSETS	261,854	(85,139)	176,715
NET ASSETS, SEPTEMBER 1, 2020	1,247,315	139,284	1,386,599
NET ASSETS, August 31, 2021	\$ 1,509,169	\$ 54,145	\$ 1,563,314

The accompanying notes are an integral part of these financial statements.

NEW HORIZONS OF SOUTHWEST FLORIDA, INC.
STATEMENT OF ACTIVITIES
Year ended August 31, 2020

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	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
CHANGES IN NET ASSETS			
SUPPORT AND REVENUE			
Contributions	\$ 1,208,128	\$ 368,836	\$ 1,576,964
Grant revenue	841,048	-	841,048
Special event revenue - net of cost of direct donor benefit	298,423	-	298,423
In-kind goods and services	148,250	-	148,250
In-kind rental income	103,000	-	103,000
Investment income	102,309	-	102,309
Interest income	5,567	-	5,567
Gain on sale of property and equipment	500	-	500
TOTAL SUPPORT AND REVENUE	2,707,225	368,836	3,076,061
NET ASSET RECLASSIFICATIONS			
Net assets released from restrictions	383,952	(383,952)	-
TOTAL NET ASSET RECLASSIFICATIONS	383,952	(383,952)	-
EXPENSES			
Program services	2,404,689	-	2,404,689
Management and general	406,574	-	406,574
Fundraising	75,184	-	75,184
TOTAL EXPENSES	2,886,447	-	2,886,447
CHANGE IN NET ASSETS	204,730	(15,116)	189,614
NET ASSETS, SEPTEMBER 1, 2019	1,042,585	154,400	1,196,985
NET ASSETS, August 31, 2020	\$ 1,247,315	\$ 139,284	\$ 1,386,599

The accompanying notes are an integral part of these financial statements.

NEW HORIZONS OF SOUTHWEST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended August 31, 2021

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	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,650,694	\$ 201,206	\$ 47,777	\$ 1,899,677
In-kind goods and services	102,050	57,500	-	159,550
Rental expenses	141,864	14,495	-	156,359
Payroll taxes	127,873	15,627	3,714	147,214
Health insurance	122,269	10,729	-	132,998
Insurance	109,842	12,667	660	123,169
Auto expenses	77,088	-	95	77,183
Consulting expenses	7,875	23,625	30,000	61,500
Depreciation expense	58,594	-	-	58,594
Computer and internet expenses	45,867	6,510	462	52,839
Supplies and education materials	35,930	2,796	611	39,337
Professional fees	15,860	17,468	77	33,405
Refreshments	20,893	299	59	21,251
Activities expense	20,468	103	50	20,621
Repairs and maintenance	8,560	5,772	-	14,332
Utilities	7,044	1,389	-	8,433
Office expenses	-	7,512	-	7,512
Endowment management fees	7,067	-	-	7,067
Accounting fees	-	6,780	-	6,780
Marketing	267	2,705	3,210	6,182
Direct aid to families	5,297	-	-	5,297
Printing and reproduction	2,542	428	1,724	4,694
Seminars and training	3,272	766	506	4,544
Postage and delivery	463	979	2,751	4,193
Scholarship expenses	3,771	-	-	3,771
Bank and credit card fees	3	1,611	1,967	3,581
Dues and subscriptions	179	683	1,351	2,213
Gifts and promotions	1,257	276	40	1,573
Licenses and permits	31	250	350	631
Entertainment and meals	-	-	564	564
Telephone	-	274	-	274
TOTAL EXPENSES	\$2,576,920	\$ 392,450	\$ 95,968	\$3,065,338

The accompanying notes are an integral part of these financial statements.

NEW HORIZONS OF SOUTHWEST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended August 31, 2020

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	Program Services	Management and General	Fundraising	Total
Salaries	\$1,616,589	\$ 203,688	\$ 15,605	\$1,835,882
In-kind goods and services	90,750	7,500	50,000	148,250
Rental expenses	112,588	8,586	-	121,174
Payroll taxes	128,408	17,023	1,168	146,599
Health insurance	77,954	30,456	-	108,410
Insurance	58,111	23,218	-	81,329
Auto expenses	71,287	-	36	71,323
Consulting expenses	4,500	58,500	-	63,000
Depreciation expense	69,432	-	-	69,432
Computer and internet expenses	21,818	4,858	228	26,904
Supplies and education materials	38,862	2,772	126	41,760
Professional fees	17,139	12,154	1,728	31,021
Refreshments	19,738	2,202	34	21,974
Activities expense	27,203	-	-	27,203
Repairs and maintenance	7,152	2,784	-	9,936
Utilities	6,018	1,110	-	7,128
Office expenses	152	472	-	624
Endowment management fees	2,572	-	-	2,572
Accounting fees	2,000	15,500	-	17,500
Marketing	1,197	1,040	-	2,237
Direct aid to families	16,334	-	-	16,334
Printing and reproduction	2,503	2,352	1,776	6,631
Seminars and training	290	260	-	550
Postage and delivery	674	1,472	904	3,050
Scholarship expenses	6,786	-	-	6,786
Bank and credit card fees	325	2,691	3,381	6,397
Dues and subscriptions	1,175	1,563	-	2,738
Gifts and promotions	3,132	5,550	70	8,752
Licenses and permits	-	472	-	472
Entertainment and meals	-	50	128	178
Telephone	-	301	-	301
TOTAL EXPENSES	\$2,404,689	\$ 406,574	\$ 75,184	\$2,886,447

The accompanying notes are an integral part of these financial statements.

NEW HORIZONS OF SOUTHWEST FLORIDA, INC.
STATEMENTS OF CASH FLOWS
Years ended August 31, 2021 and 2020

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	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions	\$ 2,090,652	\$ 1,917,407
Cash paid for programs and support	(2,978,889)	(2,727,714)
Grant income received	769,988	841,048
Fundraising revenues received	221,623	380,804
Interest income received	<u>367</u>	<u>5,567</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	103,741	417,112
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(35,666)	(26,925)
Proceeds from the sale of property and equipment	1,050	500
Redemptions of certificates of deposits	-	94,752
Reinvested interest of certificates of deposits	(391)	-
Purchases of endowment funds	<u>(318,604)</u>	<u>(350,455)</u>
NET CASH USED IN INVESTING ACTIVITIES	(353,611)	(282,128)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	<u>-</u>	<u>149,900</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>-</u>	<u>149,900</u>
Net change in cash and cash equivalents	(249,870)	284,884
Cash and cash equivalents, beginning of year	<u>528,155</u>	<u>243,271</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 278,285</u>	<u>\$ 528,155</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH OPERATING ACTIVITIES		
Contributed rental space, goods and services received	<u>\$ 282,050</u>	<u>\$ 251,250</u>
Contributed rental space, goods and services expenditures	<u>\$ (282,050)</u>	<u>\$ (251,250)</u>

The accompanying notes are an integral part of these financial statements.

NEW HORIZONS OF SOUTHWEST FLORIDA, INC.
STATEMENTS OF CASH FLOWS, CONTINUED
Years ended August 31, 2021 and 2020

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**RECONCILIATION OF CHANGE IN TOTAL NET ASSETS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

	<u>2021</u>	<u>2020</u>
Change in net assets	\$ 176,715	\$ 189,614
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Depreciation	58,594	69,432
Unrealized gains	(194,624)	(102,309)
Gain on disposal of property and equipment	(1,050)	(500)
(Increase) decrease in assets:		
Prepaid insurance	25,182	(39,185)
Other prepaid expenses	-	2,595
Increase (decrease) in liabilities:		
Accounts payable	7,907	(15,843)
Accrued expenses	2,365	(27,135)
Refundable advance	28,652	358,913
Other liability	<u>-</u>	<u>(18,470)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 103,741</u>	 <u>\$ 417,112</u>

The accompanying notes are an integral part of these financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and nature of operations

New Horizons of Southwest Florida, Inc. (the "Organization") is a non-for-profit organization established in 2003. The Organization successfully changes the lives of under-resources students by providing tutoring, mentoring and faith-building programs at its trusted after-school clubs in student's neighborhoods.

The Organization has eleven locations in Lee and Collier Counties and offers a wide range of programs designed to help the children grow and develop.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The accounting and reporting policies of the Organization are in accordance with the accounting standards issued by the Financial Accounting Standards Board ("FASB") in the Accounting Standards Codification ("ASC").

Financial statement presentation

The Organization adheres to the requirements of the "Not-for-Profit Entities" topic of the FASB ASC. The Topic requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net asset classifications

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:

Without donor restrictions, undesignated net assets

Net assets whose use is not restricted by donors or internally designated for other uses.

Without donor restrictions, designated net assets

Net assets consist of a Security Reserve established by the Board of Directors and increased or decreased each year based on the Board's discretion. The Board's goal is to build a Security Reserve equal to six months' worth of operating expenses.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Net asset classifications, continued

With donor restrictions

Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Organization and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Organization's Board of Directors or net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Organization. The restrictions stipulate that resources be maintained permanently but permit the Organization to expend the income generated in accordance with the provisions of the agreements.

Recognition of donor restrictions

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, or when the purpose of the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions

The Organization reports its contributions in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. In accordance with this topic, 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 restrictions. Under the topic, donor-restricted contributions are required to be reported as net assets with donor restrictions.

Statement of cash flows

For purposes of the statement of cash flows, the Organization considers only highly liquid investments held for operations and purchased with an original maturity of three months or less to be cash equivalents. It does not consider highly liquid cash equivalents held for investment (non-operating) purposes in reporting cash flows. As of August 31, 2021 and 2020, there were no such investments held for operations by the Organization.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property and equipment

Property and equipment is recorded at cost, or if donated, at fair market value on the date of the donation. Such donations are reported as net assets without donor restricted support unless the donor has restricted the donated asset to a specific purpose. The Organization capitalizes assets with a cost or donated fair value of \$1,000 or more and a useful life of more than one year.

Depreciation is computed using the straight-line and accelerated methods over the estimated useful lives of the assets. The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss on disposition is credited or charged to earnings.

Impairment of long-lived assets

The Organization adheres to the Property, Plant and Equipment topic of the FASB ASC to account for the impairment of long-lived assets. This topic requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

There was no effect on the Organization's financial statements resulting from this topic for the years ended August 31, 2021 and 2020.

Management estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional expenses

The Organization allocates its expenses on a functional basis among its various program and supporting services. Expenses that can be identified with a specific program service are allocated directly according to their natural expenditure classification. Non-direct expenses are allocated using a reasonable percentage method determined by management.

Income taxes

The Internal Revenue Service has determined that the Organization is exempt from federal

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income taxes, continued

income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is a not-for-profit Florida corporation and therefore is not subject to state income taxes. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Organization reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

The Organization's tax filings are subject to audit by various taxing authorities. Certain income tax returns filed by the Organization remain open to examination by these government agencies. The Organization follows ASC topic, "Income Taxes" in accounting for uncertain tax positions. The Organization has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

Donated materials and services

Donated land, buildings, equipment, investments, and other non-cash donations are recorded as contributions at their fair market value at their date of donation. The Organization reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

For the years ended August 31, 2021 and 2020, the Organization received \$122,500 and \$103,000, as in-kind donations for free rental space at eleven and thirteen of its locations, respectively. In addition, the Organization received \$159,550 and \$148,250 of in-kind donated services and goods for the years ended August 31, 2021 and 2020, respectively.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fair value of financial instruments

The FASB ASC topic "Financial Instruments" clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

The Organization's financial instruments consist of cash and cash equivalents, receivables, payables, and accrued liabilities. The Organization estimates that the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

Concentrations of credit risk

Financial instruments that potentially subject the Organization to credit risk include cash and cash equivalents and endowments. The Organization maintains its cash balances in bank deposit accounts, which at times may exceed federally-insured limits. The Organization has not experienced any economic losses on such accounts and believes it is not exposed to any significant credit risk regarding its cash and cash equivalents and investment balances.

Investments and investment income

The Organization accounts for investments in accordance with the "Investments" topic of the FASB ASC. This standard requires investments in equity and debt securities be reported at fair value. Fair value is based on the quoted market prices. Realized and unrealized gains or losses on investments are reflected in the statement of activities.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible changes in the value of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the statements of financial position.

Reclassifications

Certain amounts have been reclassified in the 2020 financial statements to conform with the presentation in the current year financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue recognition

Revenue from Exchange Transactions: The Organization recognizes revenue from these types of transactions in accordance with FASB Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

The Organization records the following exchange transaction revenue in its statements of activities:

Special Event Revenue - The Organization conducts special events in which a portion of the proceeds paid by a donor represents payment for the direct cost of the benefits received by the donor at the event, the exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of the benefit is measured at cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the benefit received by the donor. The direct costs of the special event are recorded as direct donor benefits in the statement of activities. The performance obligation is the delivery of the event. The event fee is set by the Organization. FASB ASU 2014-09 requires the Organization to allocate the transaction price to the performance obligations. As such, the Organization presents in the notes to the financial statements the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Organization in advance of its delivery are initially recognized as deferred revenue and recognized as special event revenue after the delivery of the event. For special event fees received before year-end for an event that will occur after year-end, the Organization follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as deferred revenue along with the exchange component.

Revenue from Non-Exchange Transactions: The Organization recognizes revenue from these types of transactions in accordance with FASB ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 applies to non-exchange transactions. The Organization records the following non-exchange transaction revenue in its statements of activities:

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue recognition, continued

Contributions - Revenue from contributions is recognized at the time the contribution is made.

Grant Revenue - Revenue from grants is recognized pro-ratably over the contract period as reimbursements are requested and conditions are met.

Recently issued accounting standards

As of September 1, 2019, the Organization adopted the provisions of FASB ASU 2014-09, Revenue from Contracts with Customers (Topic 606), as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Results for the years ended August 31, 2021 and 2020, are presented under FASB ASC Topic 606.

During the year, the Organization also adopted the provisions of FASB ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (FASB ASC Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. Results for the years ended August 31, 2021 and 2020, are presented under FASB ASU 2018-08.

NOTE B - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 278,285	\$ 528,155
Certificates of deposit	256,745	256,354
Beneficial interest in assets held by others	1,372,200	858,972
Less: amounts restricted for future use	<u>(54,145)</u>	<u>(139,284)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,853,085</u>	<u>\$ 1,504,197</u>

The Organization manages its financial assets in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. This topic requires that the Organization maintains sufficient resources to meet the responsibilities of its donors. Therefore financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The Organization also has \$43,735 and \$44,643 of beneficial interest in assets held by others that is donor restricted as of August 31, 2021 and 2020, respectively. Income from these assets is reinvested in the fund.

NOTE C - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Beneficial interest in assets held by others consists of three endowment funds, two with the Collier County Community Foundation and one with Southwest Florida Community Foundation. Net earnings generated by the funds are available for distributions annually and may be used by the Organization for any purpose. The balances of these funds as of August 31, 2021 and 2020 were \$1,372,200 and \$858,972, respectively.

Investment income and expenses for the years ended August 31, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Investment income	<u>\$ 194,624</u>	<u>\$ 102,309</u>

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment as of August 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Computer equipment	\$ 321,674	\$ 286,008
Vehicles	309,462	309,462
Equipment	78,949	78,949
Furniture and fixtures	3,085	3,085
Leasehold improvements	2,062	2,062
Signage	400	400
	<u>715,632</u>	<u>679,966</u>
Accumulated depreciation	<u>(560,660)</u>	<u>(502,066)</u>
	<u>\$ 154,972</u>	<u>\$ 177,900</u>

Depreciation expense for the years ended August 31, 2021 and 2020 was \$58,594 and \$69,432, respectively.

NOTE E - REFUNDABLE ADVANCE

As a result of the Covid-19 pandemic, the Organization applied for forgivable loans under the Paycheck Protection Program (PPP) through the U.S. Small Business Administration (SBA). The Organization received \$387,565 on January 26, 2021 and received \$358,913 on April 29, 2020 from the PPP. The Organization recorded the initial transactions as conditional contributions in accordance with ASC Subtopic 958-605. Under this Subtopic, the initial transactions were recorded as a refundable advances, in the statements of financial position, until the conditions of forgiveness was achieved. The \$358,913 loan was fully forgiven by the SBA on March 3, 2021 and was recorded as a contribution to the Organization in the statements of activities. The \$387, 565 loan was not forgiven by the SBA as of August 31, 2021.

NOTE F - NOTE PAYABLE

Note payable consists of the following as of August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Note payable to the U.S. Small Business Administration, collateralized by all tangible and intangible property and equipment, with monthly interest and principal payments of \$641, beginning June 25, 2022, with interest at 2.75%. Final payment due May 2051.	<u>\$ 149,900</u>	<u>\$ 149,900</u>

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NOTE F - NOTE PAYABLE, CONTINUED

Total annual principal payments for the note payable are as follows:

Year Ending August 31,	Amount
2022	\$ 1,187
2023	3,334
2024	3,435
2025	3,537
2026	3,643
Thereafter	134,764
	<u>\$ 149,900</u>

NOTE G - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level (1) inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level (3) inputs have the lowest priority. The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- * Quoted prices for similar assets or liabilities in active markets
- * Quoted prices for identical or similar assets or liabilities in inactive markets
- * Inputs other than quoted prices that are observable for the assets or liabilities
- * Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement

NOTE H - FAIR VALUE MEASUREMENTS, CONTINUED

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables sets forth, by level within the fair value hierarchy, the Organization's assets at fair value as of August 31, 2021 and 2020:

Assets at Fair Value - 2021				
	(Level 1)	(Level 2)	(Level 3)	Total
Beneficial interest in assets held by others	\$ -	\$ -	\$ 1,372,200	\$ 1,372,200

Assets at Fair Value - 2020				
	(Level 1)	(Level 2)	(Level 3)	Total
Beneficial interest in assets held by others	\$ -	\$ -	\$ 858,972	\$ 858,972

The fair value of the beneficial interest in assets held by others is not readily determinable through an outside source independent of the Organization. The fair value is based on amounts reported to the Organization by The Southwest Florida Community Foundation and The Collier County Community Foundation (Note C).

The following table reconciles the beginning and ending balances of fair value measurements using significant unobservable inputs (Level 3) of the beneficial interest in assets held by others for the years ended August 31, 2021 and 2020:

	2021	2020
Beginning balance	\$ 858,972	\$ 406,208
Total investment income included in changes in net assets	194,624	102,309
Purchases	318,604	350,455
Ending balance	\$ 1,372,200	\$ 858,972

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NOTE I - UNDERWATER ENDOWMENT FUNDS

In accordance with the "Not-For-Profit Entities" topic of the FASB ASC, the Organization shall disclose the aggregate amount of deficiencies for all donor-restricted endowment funds for which the fair value of the assets at the reporting date is less than either the original gift amount or the amount required to be maintained by the donor or by law that extends donor restrictions.

The Organization had no underwater endowment funds as of August 31, 2021 and 2020, respectively.

NOTE J - OPERATING LEASES

The Organization renewed its lease for office space under a new operating lease agreement. The new lease agreement calls for monthly lease payments of \$2,624 for 24 months ending in November 2022.

Rental expense under this lease for the years ended August 31, 2021 and 2020 were \$33,859 and \$18,174, respectively.

Future minimum lease payments under this agreement are as follows:

<u>Year Ended August 31,</u>	<u>Amount</u>
2022	\$ 31,492
2023	7,873
	<u>39,365</u>

NOTE K - NET ASSETS

Net assets consist of the following as of August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Without donor restrictions - undesignated:	\$ 209,900	\$ 135,603
Without donor restrictions - designated:	<u>1,299,269</u>	<u>1,111,712</u>
Total without donor restrictions	<u>\$ 1,509,169</u>	<u>\$ 1,247,315</u>
	<u>2021</u>	<u>2020</u>
With donor restrictions:	<u>\$ 54,145</u>	<u>\$ 139,284</u>

Net assets with donor restrictions, as of August 31, 2021 and 2020, consists of a portion of beneficial interest in assets held by others and amounts restricted for scholarships, aid to families and other contributions restricted for future periods.

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NOTE L - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

Net assets released from donor restrictions during the years ended August 31, 2021 and 2020 were:

	<u>2021</u>	<u>2020</u>
Expenditure for specific purpose and time accomplished	<u>\$ 445,374</u>	<u>\$ 383,952</u>

NOTE M - SPECIAL EVENTS

Gross receipts from fundraising events recorded by the Organization consist of exchange transactions revenue and contribution revenue. As a result of adopting FASB ASU 2014-09, the Organization is required to separately present the components of this revenue.

The components of fundraising revenue during the years ended August 31, 2021 and 2020 were:

	<u>2021</u>	<u>2020</u>
Contributions	\$ 214,024	\$ 298,423
Cost of direct donor benefit	<u>7,599</u>	<u>82,381</u>
Special event revenue - gross	<u>\$ 221,623</u>	<u>\$ 380,804</u>

NOTE N - SUBSEQUENT EVENTS

Management has assessed subsequent events through October 25, 2021, the date on which the financial statements were available to be issued and had noted that on September 29, 2021, the PPP loan of \$387,565, recorded as a refundable advance, was forgiven in its entirety by the U.S. Small Business Administration (SBA).