

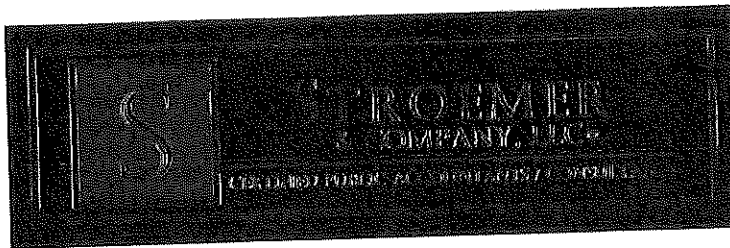
**NEW HORIZONS OF
SOUTHWEST FLORIDA, INC.**

FINANCIAL STATEMENTS

AUGUST 31, 2018 AND 2017

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INTEGRITY KNOWLEDGE SERVICE COMMITMENT®

Independent Auditor's Report

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

We have audited the accompanying financial statements of New Horizons of Southwest Florida, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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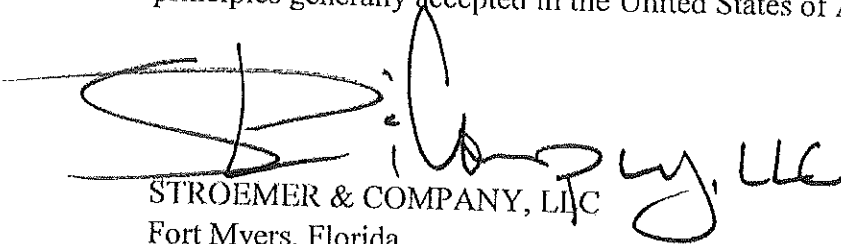
New Horizons of Southwest Florida, Inc.
Page Two

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.

Opinion

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, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



STROEMER & COMPANY, LLC
Fort Myers, Florida
December 7, 2018

NEW HORIZONS OF SOUTHWEST FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 250,375	\$ 637,294
Certificates of deposit	444,000	-
Contributions receivable	10,500	-
Beneficial interest in assets held by others	53,262	30,743
Prepaid insurance	39,665	34,057
Other prepaid expenses	4,426	2,390
Property and equipment, net	<u>159,780</u>	<u>99,050</u>
TOTAL ASSETS	<u>\$ 962,008</u>	<u>\$ 803,534</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 13,155	\$ 6,990
Accrued expenses	<u>47,995</u>	<u>39,801</u>
TOTAL LIABILITIES	61,150	46,791
NET ASSETS		
Unrestricted - undesignated	131,632	691,778
Unrestricted - designated	<u>598,203</u>	<u>-</u>
TOTAL UNRESTRICTED NET ASSETS	729,835	691,778
Temporarily restricted	117,761	34,222
Permanently restricted	<u>53,262</u>	<u>30,743</u>
TOTAL NET ASSETS	<u>900,858</u>	<u>756,743</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 962,008</u>	<u>\$ 803,534</u>

The accompanying notes are an integral part of this statement.

NEW HORIZONS OF SOUTHWEST FLORIDA, INC.
STATEMENT OF ACTIVITIES
Year ended August 31, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
CHANGES IN NET ASSETS				
SUPPORT AND REVENUE				
Contributions	\$1,127,508	\$ 124,735	\$ -	\$ 1,252,243
Fundraising	300,227	-	-	300,227
Grant income	318,069	-	-	318,069
In-kind rental income	36,000	-	-	36,000
Investment income	-	-	2,209	2,209
Gain on sale of property and equipment	1,900	-	-	1,900
Interest income	1,844	-	-	1,844
Other income	174	-	-	174
TOTAL SUPPORT AND REVENUE	<u>1,785,722</u>	<u>124,735</u>	<u>2,209</u>	<u>1,912,666</u>
NET ASSET RECLASSIFICATIONS				
Net assets released from restrictions	41,196	(41,196)	-	-
Net assets used to purchase beneficial interest in assets held by others	<u>(20,310)</u>	<u>-</u>	<u>20,310</u>	<u>-</u>
TOTAL NET ASSET RECLASSIFICATIONS	<u>20,886</u>	<u>(41,196)</u>	<u>20,310</u>	<u>-</u>
EXPENSES				
Program services	1,489,531	-	-	1,489,531
Management and general	172,255	-	-	172,255
Fundraising	<u>106,765</u>	<u>-</u>	<u>-</u>	<u>106,765</u>
TOTAL EXPENSES	<u>1,768,551</u>	<u>-</u>	<u>-</u>	<u>1,768,551</u>
CHANGE IN NET ASSETS	38,057	83,539	22,519	144,115
NET ASSETS, SEPTEMBER 1, 2017	<u>691,778</u>	<u>34,222</u>	<u>30,743</u>	<u>756,743</u>
NET ASSETS, August 31, 2018	<u><u>\$ 729,835</u></u>	<u><u>\$ 117,761</u></u>	<u><u>\$ 53,262</u></u>	<u><u>\$ 900,858</u></u>

The accompanying notes are an integral part of this statement.

NEW HORIZONS OF SOUTHWEST FLORIDA, INC.
STATEMENT OF ACTIVITIES
Year ended August 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
CHANGES IN NET ASSETS				
SUPPORT AND REVENUE				
Contributions	\$1,135,064	\$ 36,511	\$ -	\$ 1,171,575
Fundraising	289,274	-	-	289,274
Grant income	232,653	-	-	232,653
In-kind rental income	36,000	-	-	36,000
Interest income	852	-	-	852
Other income	440	-	-	440
Investment income	-	-	22	22
TOTAL SUPPORT AND REVENUE	1,694,283	36,511	22	1,730,816
NET ASSET RECLASSIFICATIONS				
Net assets released from restrictions	30,260	(30,260)	-	-
Net assets used to purchase beneficial interest in assets held by others	(7,500)	-	7,500	-
TOTAL NET ASSET RECLASSIFICATIONS	22,760	(30,260)	7,500	-
EXPENSES				
Program services	1,219,545	-	-	1,219,545
Management and general	184,311	-	-	184,311
Fundraising	92,649	-	-	92,649
TOTAL EXPENSES	1,496,505	-	-	1,496,505
CHANGE IN NET ASSETS	220,538	6,251	7,522	234,311
NET ASSETS, SEPTEMBER 1, 2016	471,240	27,971	23,221	522,432
NET ASSETS, August 31, 2017	\$ 691,778	\$ 34,222	\$ 30,743	\$ 756,743

The accompanying notes are an integral part of this statement.

NEW HORIZONS OF SOUTHWEST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended August 31, 2018

	Program Services	Management and General	Fundraising	Total
Salaries - other	\$ 951,967	\$ 68,822	\$ -	\$ 1,020,789
Fundraising expenses	-	-	97,426	97,426
Transportation	87,477	224	-	87,701
Payroll taxes	74,527	5,174	-	79,701
Insurance	46,505	4,660	-	51,165
Rental expense	42,664	7,891	-	50,555
Health insurance	33,040	7,977	-	41,017
Activities expense	40,552	-	-	40,552
Salaries - officer	39,420	-	-	39,420
Depreciation expense	34,094	-	-	34,094
Professional fees	8,760	23,704	-	32,464
Direct aid to families	28,567	-	-	28,567
Refreshments	23,611	1,197	3,043	27,851
Supplies	27,265	405	-	27,670
Consulting expenses	-	18,855	-	18,855
Computer and internet expense	14,730	3,366	-	18,096
Scholarship expense	12,632	-	-	12,632
Accounting fees	-	10,950	-	10,950
Office expense	4,808	5,497	-	10,305
Utilities	7,943	2,173	-	10,116
Printing and reproduction	2,763	2,729	2,108	7,600
Repairs and maintenance	5,808	1,050	-	6,858
Bank, credit card and endowment management fees	81	1,319	4,038	5,438
Marketing	-	2,937	-	2,937
Contract labor	2,178	-	-	2,178
Postage and delivery	119	1,750	150	2,019
Dues and subscriptions	-	910	-	910
Telephone	20	510	-	530
Seminars and training	-	155	-	155
TOTAL EXPENSES	<u>\$1,489,531</u>	<u>\$ 172,255</u>	<u>\$ 106,765</u>	<u>\$1,768,551</u>

The accompanying notes are an integral part of this statement.

NEW HORIZONS OF SOUTHWEST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended August 31, 2017

	Program Services	Management and General	Fundraising	Total
Salaries - other	\$ 699,234	\$ 100,942	\$ -	\$ 800,176
Fundraising expenses	-	-	89,418	89,418
Payroll taxes	57,490	1,619	-	59,109
Transportation	57,620	195	-	57,815
Salaries - officer	53,750	-	-	53,750
Insurance	49,407	3,719	-	53,126
Depreciation expense	47,905	-	-	47,905
Contract labor	41,231	4,000	-	45,231
Rental expense	36,000	7,170	-	43,170
Activities expense	41,898	-	-	41,898
Computer and internet expense	26,524	4,960	-	31,484
Refreshments	24,736	2,761	-	27,497
Professional fees	13,718	9,356	-	23,074
Health insurance	12,983	6,492	-	19,475
Supplies	19,116	33	-	19,149
Scholarship expense	14,830	-	-	14,830
Accounting fees	-	14,450	-	14,450
Repairs and maintenance	11,880	699	-	12,579
Marketing	-	10,363	-	10,363
Utilities	6,761	1,874	-	8,635
Printing and reproduction	324	4,274	1,301	5,899
Office expense	-	4,731	-	4,731
Consulting expenses	4,000	-	-	4,000
Bank, credit card and endowment management fees	52	1,191	1,930	3,173
Postage and delivery	7	2,322	-	2,329
Dues and subscriptions	-	1,330	-	1,330
Seminars and training	-	1,108	-	1,108
Telephone	79	494	-	573
Licenses and permits	-	228	-	228
TOTAL EXPENSES	\$1,219,545	\$ 184,311	\$ 92,649	\$ 1,496,505

The accompanying notes are an integral part of this statement.

NEW HORIZONS OF SOUTHWEST FLORIDA, INC.
STATEMENTS OF CASH FLOWS
Years ended August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions	\$ 1,241,743	\$ 1,171,575
Cash paid for programs and support	(1,691,742)	(1,411,217)
Grant income received	318,069	232,653
Fundraising revenues received	300,227	289,274
Interest income received	1,844	852
Other income received	174	440
	<u>170,315</u>	<u>283,577</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	170,315	283,577
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(94,824)	(46,396)
Proceeds from the sale of property and equipment	1,900	-
Purchases of certificates of deposits	(444,000)	-
Purchases of endowment funds	(20,310)	(7,500)
	<u>(557,234)</u>	<u>(53,896)</u>
NET CASH USED IN INVESTING ACTIVITIES	(557,234)	(53,896)
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	(386,919)	229,681
Cash and cash equivalents, beginning of year	637,294	407,613
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 250,375</u>	<u>\$ 637,294</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH OPERATING ACTIVITIES		
Contributed rental space received	\$ 36,000	\$ 36,000
Contributed rental space expenditure	\$ (36,000)	\$ (36,000)

The accompanying notes are an integral part of this statement.

NEW HORIZONS OF SOUTHWEST FLORIDA, INC.
STATEMENTS OF CASH FLOWS, CONTINUED
Years ended August 31, 2018 and 2017

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

	<u>2018</u>	<u>2017</u>
Change in net assets	\$ 144,115	\$ 234,311
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Depreciation	34,094	47,905
Gain on sale of property and equipment	(1,900)	-
(Increase) decrease in assets:		
Contributions receivable	(10,500)	-
Beneficial interest on assets held by others	(2,209)	(22)
Prepaid insurance	(5,608)	(3,387)
Other prepaid expenses	(2,036)	(2,390)
Increase in liabilities:		
Accounts payable	6,165	422
Accrued expenses	<u>8,194</u>	<u>6,738</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 170,315</u>	<u>\$ 283,577</u>

The accompanying notes are an integral part of this statement.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and nature of operations

New Horizons of Southwest Florida, Inc. (the "Organization") is a nonprofit organization established in 2003 to provide services to at-risk children and teens who are growing up in an environment of poverty, academic failure, and hopelessness.

The Organization has seven locations in Lee and Collier Counties and offers a wide range of programs designed to help the children grow and develop. Programs include after school tutoring and mentoring, reading and leadership, and spiritual guidance.

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 prepares its financial statements in accordance with the "Not-for-Profit Entities" topic of the FASB ASC. In accordance with this topic, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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:

Unrestricted, undesignated net assets

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

Unrestricted, designated net assets

Unrestricted, designated 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

Temporarily restricted net assets

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.

Permanently restricted net assets

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 unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, or when the purpose of the restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets.

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 unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any 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. At August 31, 2018 and 2017, 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 unrestricted 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, 2018 and 2017.

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 income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income taxes, continued

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, 2018 and 2017, the Organization received \$36,000, as in-kind donation for free rental space at seven of its locations.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fair value of financial instruments, continued

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 statement 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.

Investment 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 statement of financial position.

Reclassifications

Certain amounts have been reclassified in the 2017 financial statements to conform with the presentation in the current year financial statements.

NEW HORIZONS OF SOUTHWEST FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2018 and 2017

NOTE B - CERTIFICATES OF DEPOSIT

As of August 31, 2018, the Organization had certificates of deposit with the following terms:

Description	Maturity Date	Interest Rate	Principal
Northern Trust Securities	10/26/18	1.90%	\$ 244,000
Fine Mark National Bank & Trust	05/17/19	1.10%	100,000
Fine Mark National Bank & Trust	11/13/18	0.15%	50,000
Fine Mark National Bank & Trust	11/13/18	0.55%	50,000
			<u>\$ 444,000</u>

NOTE C - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Beneficial interest in assets held by others consists of four endowment funds, three 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 at August 31, 2018 and 2017 was \$53,262 and \$30,743, respectively.

Investment income and expenses for the years ended August 31, 2018 and 2017, consisted of the following:

	2018	2017
Investment income	\$ 2,412	\$ 330
Management fees	(203)	(308)
	<u>\$ 2,209</u>	<u>\$ 22</u>

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment as of August 31, 2018 and 2017 consisted of the following:

	2018	2017
Computer equipment	\$ 249,147	\$ 220,977
Vehicles	197,749	146,223
Equipment	65,349	55,362
Furniture and fixtures	2,875	2,875
Leasehold improvements	2,062	2,062

NOTE D - PROPERTY AND EQUIPMENT, CONTINUED

	<u>2018</u>	<u>2017</u>
Signage	400	400
Accumulated depreciation	517,582 <u>(357,802)</u>	427,899 <u>(328,849)</u>
	<u>\$ 159,780</u>	<u>\$ 99,050</u>

Depreciation expense for the years ended August 31, 2018 and 2017 was \$34,094 and \$47,905, respectively.

NOTE E - 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

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.

NOTE E - FAIR VALUE MEASUREMENTS, CONTINUED

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, 2018 and 2017:

	Assets at Fair Value - 2018			
	(Level 1)	(Level 2)	(Level 3)	Total
Beneficial interest in assets held by others	\$ -	\$ -	\$ 53,262	\$ 53,262

	Assets at Fair Value - 2017			
	(Level 1)	(Level 2)	(Level 3)	Total
Beneficial interest in assets held by others	\$ -	\$ -	\$ 30,743	\$ 30,743

The fair value of the benefit 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 interests in assets held by others for the years ended August 31, 2018 and 2017:

	2018	2017
Beginning balance	\$ 30,743	\$ 23,221
Total investment income included in changes in net assets	2,209	22
Purchases	20,310	7,500
Ending balance	\$ 53,262	\$ 30,743

NOTE F - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

At August 31, 2018 and 2017, the Organization had \$53,262 and \$30,743, respectively, in permanently restricted net assets, consisting entirely of beneficial interest in assets held by others. At August 31, 2018 and 2017, the Organization had \$117,761 and \$34,222, respectively, in temporarily restricted net assets reserved for student scholarships, aid to families, and contributions restricted to future periods.

NOTE G - NET FUNDRAISING REVENUE

Net fundraising revenue consisted of the following for the year ended August 31, 2018:

Event	Revenue	Expenses	Net
Gala	\$ 186,371	\$ (57,836)	\$ 128,535
Annual luncheon	76,216	(25,149)	51,067
Golf event	37,640	(23,780)	13,860
	\$ 300,227	\$ (106,765)	\$ 193,462

Net fundraising revenue consisted of the following for the year ended August 31, 2017:

Event	Revenue	Expenses	Net
Gala	\$ 122,976	\$ (24,491)	\$ 98,485
Annual luncheon	61,396	(22,288)	39,108
Car raffle	60,062	(35,321)	24,741
Golf event	43,340	(10,549)	32,791
Miscellaneous receipts	1,500	-	1,500
	\$ 289,274	\$ (92,649)	\$ 196,625

NOTE H - RELATED PARTY TRANSACTIONS

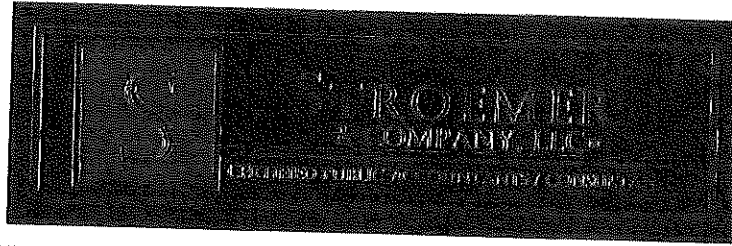
One of the Organization's board members is also a Program Director with the Organization. The Organization paid wages to this individual for those services in the amount of \$39,420 and \$50,000, during the years ended August 31, 2018 and 2017, respectively.

The Organization is affiliated to NH Programs, Inc. through two common Board members. NH Programs, Inc. (the "Affiliate") was incorporated in May 2015 as a separate corporation to hold the intellectual property that the Organization had developed in support of its programs. The Affiliate has licensed the intellectual property to an unaffiliated Texas Organization for no consideration at this time; however, a nominal yearly fee may be charged. During the years ended August 31, 2018 and 2017, there was no financial activity of the affiliate.

NOTE I - SUBSEQUENT EVENTS

Management has assessed subsequent events through December 7, 2018, the date on which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION



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Independent Auditor's Report to Management

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

In connection with our audit of the financial statements of New Horizons of Southwest Florida, Inc., (the "Organization"), as of and for the years ended August 31, 2018 and 2017, we are submitting for your consideration the following comments and recommendations. These recommendations are designed to help improve internal accounting controls and achieve operational efficiencies. Our comments and recommendations reflect our desire to be of continuing assistance to the Organization.

These comments deal exclusively with operations, accounting and recordkeeping systems and procedures, and should not be regarded as reflecting on the integrity or capabilities of anyone within the Organization. Also, our comments and recommendations have been restricted to the specific points noted, and are not intended as a commentary on the various favorable aspects of the Organization's procedures.

All of the observations contained in this report are a by-product of our audit of the Organization's financial statements and, therefore, the cost justification and other aspects of our recommendations have not been fully evaluated; these evaluations should be made by the Organization. Because of this we recognize, after consideration, certain comments and recommendations may not be practical to implement.

PRIOR YEAR COMMENTS THAT CONTINUE TO APPLY:

None

CURRENT YEAR COMMENTS:

None

Affiliations

American Institute of Certified Public Accountants ♦ Florida Institute of Certified Public Accountants

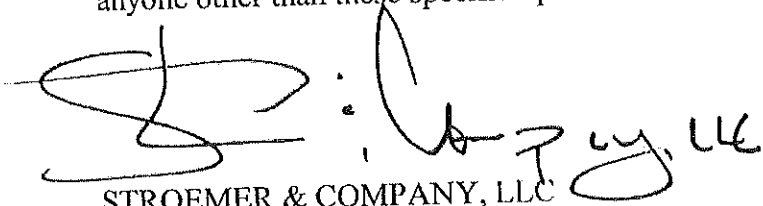
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*By Appointment Only

New Horizons of Southwest Florida, Inc.

This report is intended solely for the information and use of management and the Board of Directors, as well as federal and state audit agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Stroemer & Company, LLC". The signature is stylized and cursive, with a large initial "S" and "C".

STROEMER & COMPANY, LLC

Fort Myers, Florida

December 7, 2018