

PATHWAYS EARLY EDUCATION
CENTER OF IMMOKALEE, INC.

FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED
JUNE 30, 2019

PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pathways Early Education Center of Immokalee, Inc.
Naples, Florida

We have audited the accompanying financial statements of Pathways Early Education Center of Immokalee, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statement of activities, functional expenses, and cash flows for the six-month period 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pathways Early Education Center of Immokalee, Inc., as of June 30, 2019, and the changes in its net assets and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Rogers Wood Hill Starman & Gustason, P.A.

ROGERS WOOD HILL STARMAN & GUSTASON, P.A.
Certified Public Accountants & Advisors
October 12, 2020

PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

ASSETS

Cash and cash equivalents	\$ 1,183,099
Cash and cash equivalents - with donor restrictions	<u>303,938</u>
Total cash and cash equivalents	1,487,037
Federal and state grants receivable	41,451
Beneficial interest in assets held by the Community Foundation	753,591
Prepaid expenses and deposits	30,410
Cash surrender value of life insurance	134,661
Investments	1,966,753
Property and equipment, net	<u>821,995</u>
Total assets	<u>\$ 5,235,898</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 72,161
Compensated absences	31,431
Charitable gift annuity	<u>18,840</u>
Total liabilities	<u>122,432</u>
Net assets:	
Without donor restrictions:	
Investment in property and equipment	821,995
Undesignated	<u>1,956,581</u>
	<u>2,778,576</u>
With donor restrictions:	
Purpose restrictions	252,257
Time-restricted for future periods	134,661
Perpetual in nature	<u>1,947,972</u>
	<u>2,334,890</u>
Total net assets	<u>5,113,466</u>
Total	<u>\$ 5,235,898</u>

PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

**STATEMENT OF ACTIVITIES
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Child care fees	\$ 72,074	\$ -	\$ 72,074
United Way of Collier County	23,750	-	23,750
Federal and state grants	280,878	-	280,878
Local grants and contracts	100,050	-	100,050
Contributions	142,031	33,850	175,881
Special events, net	5,901	-	5,901
Investment return, net	213,794	83,643	297,437
Total revenues	<u>838,478</u>	<u>117,493</u>	<u>955,971</u>
Net assets released from restrictions	<u>6,153</u>	<u>(6,153)</u>	<u>-</u>
Total revenues and net assets released from restrictions	<u>844,631</u>	<u>111,340</u>	<u>955,971</u>
Expenses:			
Program services	869,110	-	869,110
Administrative and general	138,198	-	138,198
Fundraising	103,492	-	103,492
Total expenses	<u>1,110,800</u>	<u>-</u>	<u>1,110,800</u>
Increase (decrease) in net assets	(266,169)	111,340	(154,829)
NET ASSETS - Beginning of year	<u>3,044,745</u>	<u>2,223,550</u>	<u>5,268,295</u>
NET ASSETS - End of year	<u>\$ 2,778,576</u>	<u>\$ 2,334,890</u>	<u>\$ 5,113,466</u>

PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019**

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL
		ADMINISTRATIVE & GENERAL	FUND RAISING	
Benefits	\$ 97,378	\$ 6,011	\$ 6,011	\$ 109,400
Depreciation	36,713	371	-	37,084
Development	-	12,571	12,571	25,142
Dues and subscriptions	1,348	362	362	2,072
Food supplies	34,239	-	-	34,239
Health supplies	1,848	-	-	1,848
Instructional expense	6,399	-	-	6,399
Insurance	13,091	2,730	-	15,821
Licenses and permits	150	-	-	150
Miscellaneous	14,437	13,090	-	27,527
Office supplies	12,767	5,603	5,603	23,973
Payroll taxes	38,716	3,604	3,604	45,924
Postage	420	204	204	828
Professional fees	9,862	27,743	11,300	48,905
Public relations	1,619	2,072	-	3,691
Rental expense	2,874	5,241	5,241	13,356
Repairs and maintenance	71,867	4,640	4,640	81,147
Salaries and wages	494,834	50,545	50,545	595,924
Supplies	4,226	-	-	4,226
Telephone	3,838	1,505	1,505	6,848
Travel	1,971	1,533	1,533	5,037
Utilities	17,343	323	323	17,989
Waste removal	3,145	-	-	3,145
Web design	25	50	50	125
Total	<u>\$ 869,110</u>	<u>\$ 138,198</u>	<u>\$ 103,492</u>	<u>\$ 1,110,800</u>

PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

**STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from child care fees	\$ 70,579
Cash received from United Way of Collier County	23,750
Cash received from federal and state grants	291,679
Cash received from local grants and contracts	100,050
Cash received from contributions	175,881
Cash received from bequest	966,977
Special events, net	5,901
Investment return received	32,774
Cash paid to suppliers and employees	(1,070,447)
Net cash provided by operating activities	<u>597,144</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale of investments	512,535
Purchases of investments	(414,679)
Purchase of property and equipment	(6,666)
Net cash provided by investing activities	<u>91,190</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments to charitable gift annuitants	(247)
Net cash used by financing activities	<u>(247)</u>
NET INCREASE IN CASH	688,087
CASH - Beginning of year	<u>798,950</u>
CASH - End of year	<u>\$ 1,487,037</u>
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Decrease in net assets	\$ (154,829)
Depreciation	37,084
Unrealized gain on investments	(264,663)
Changes in assets and liabilities:	
Federal and state grants receivable	10,801
Accounts receivable, net	966,977
Prepaid expenses and deposits	(1,726)
Accounts payable and accrued expenses	563
Refundable deposit	(1,495)
Compensated absences	4,432
Net cash provided by operating activities	<u>\$ 597,144</u>

PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2019

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Pathways Early Education Center of Immokalee, Inc., formally known as Immokalee Child Care Center, Inc., (the "Center") was incorporated in April 1968 under the Laws of Florida as a not-for-profit corporation, to provide child care services to low income and migrant worker families in Immokalee, Florida.

Specifically, the Center's objective and purpose is to:

- 1) Provide exceptional Early Education to the children and families in the Immokalee Community.
- 2) Develop and incorporate community partnerships and collaborations into the daily operations to ensure the individual needs of each child and family are met by connecting all resources available for the health, safety, well-being and affordable high quality early education for all children at Pathways.

Basis of Accounting

The accounts of the Center are maintained, and the accompanying financial statements have been prepared, on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recorded when incurred.

Financial Statements

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

Net Assets

Net assets and revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Center 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.

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers as cash and cash equivalents all highly liquid investments with an initial maturity of three months or less.

Investments

Investments are carried at fair value determined by quoted prices on the last business day of the fiscal year. Various equity and fixed income investments may be held by the Center when such investments are donated to the Center. It is the Center's policy to convert donated non-cash investments to cash as soon as it is determined financially prudent. Investments are carried at cost, which approximates market value. Donated non-cash investments are recorded at fair market value at the date received by the Center. Gains and losses are determined using the specific identification method when securities are sold or mature. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external direct investment expenses.

PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2019

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

Property and Equipment

The Center's policy is to capitalize assets with a cost of \$1,000 or more and a useful life greater than one year. Property and equipment is recorded at cost, except for donated items (used in operations of the Center) which are recorded at fair market value as of the date received. Assets are depreciated using the straight-line method over their respective estimated lives, as follows:

<u>Fixed Asset Category</u>	<u>Useful Lives</u>
Building and improvements	7-40 years
Equipment	5-10 years

Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Compensated absences

The Center's employees accumulate vacation leave based on the number of years of continuous service. Center employees also annually accrue 40 hours of sick time upon their employment anniversary date. Upon termination of employment, employees can receive payment for sick and personal time limited to 80 hours as well as vacation leave if they meet certain criteria limited to a schedule varying by credited years of service.

Revenue Recognition

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

Functional Expenses

The Center allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program service are allocated directly to that program, according to their natural expenditure classification. Salaries and payroll taxes are allocated on the basis of estimates of time and effort spent on each function. Other expenses that are common to several functions are allocated by various statistical bases.

Donated Services

A substantial number of volunteers, including the Board of Directors, have donated time and expertise to the Center's programs and supporting services; however, these donated services are not recognized in the financial statements because the criteria for recognition of such volunteer efforts under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, have not been satisfied.

Income Taxes

The Internal Revenue Service has determined that the Center is exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3). The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Center 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. Accordingly, no provision for income taxes has been made in these financial statements.

The Center is in compliance with the income tax standard regarding the recognition and measurement of uncertain tax positions. This guidance clarifies the accounting for uncertainty in income taxes recognized in the Center's financial statements. The tax returns for the years ended December 31, 2017 through June 30, 2019 are open to examination by the IRS.

Reclassifications

Approximately \$240,000 of cash investments were reclassified from investments to cash and cash equivalents at December 31, 2018 to conform with the presentation in the current-year financial statements.

PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2019

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts 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.

Charitable Gift Annuities

Under charitable gift annuity contracts, the Center receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over a stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as a contribution without donor restrictions. In subsequent years, the liability for future annuity payments is reduced by payments made to the specified beneficiaries and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Center routinely monitors liquidity to meet its operating needs and other contractual commitments. The Center considers all expenditures related to its ongoing activities. In addition to financial assets available to meet general expenditures, the Center operates with a balanced operating budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

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

Cash and cash equivalents	\$	1,183,099
Federal and state grants receivable		41,451
Beneficial interest in assets held by the Community Foundation		753,591
Investments - without donor restrictions (Note 3)		70,462
Total financial assets		<u>2,048,603</u>

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

Donor purpose restrictions		<u>(252,257)</u>
Financial assets available to meet cash needs for general expenditure within one year	\$	<u>1,796,346</u>

NOTE 3 - INVESTMENTS

Investments, at fair value, consist of the following at June 30, 2019:

	<u>Cost</u>	<u>Fair Market Value</u>
Equities	\$ 101,702	\$ 129,773
Mutual funds	1,280,964	1,344,488
Exchange-traded products	475,867	492,492
	<u>\$ 1,858,533</u>	<u>\$ 1,966,753</u>

PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2019

NOTE 3 - INVESTMENTS - continued

Without donor restrictions:	
Undesignated investments	\$ 70,462
	<u>70,462</u>
With donor restrictions:	
Perpetual in nature	1,896,291
	<u>1,896,291</u>
Total	<u>\$ 1,966,753</u>

Investment fees associated with managing the investment portfolio were \$8,347 for the six-months ended June 30, 2019. Investment fees are netted against investment income in the statements of activities.

NOTE 4 - FEDERAL AND STATE GRANTS RECEIVABLE

Federal and state grants receivable consist of the following:

Early Learning Coalition, Inc.	\$ 20,511
Redlands Christian Migrant Association	10,204
U.S. Department of Agriculture (USDA) Food Program	9,266
AmeriCorps Child Care Program	1,470
	<u>\$ 41,451</u>

The management of Pathways Early Education Center of Immokalee, Inc. believes the grants receivable to be fully collectible. Therefore, no allowance for doubtful accounts has been recorded.

NOTE 5 - PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

Building and improvements	\$ 1,178,446
Equipment	614,596
Land	16,381
	<u>1,809,423</u>
Less accumulated depreciation	(987,428)
Total	<u>\$ 821,995</u>

Depreciation expense for the six-months ended June 30, 2019 was \$37,084.

PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2019

NOTE 6- NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

Purpose restrictions:

Classroom table and chairs	\$	1,000
Family programs		5,600
Generator		30,000
Kitchen/Laundry equipment		3,847
Parent meetings		1,349
Preschool teacher development		3,011
Printer		10,000
Scholarships		45,000
Special funds		100,000
Staff development		25,000
START research library		6,000
STEM education		10,000
Take home library		4,200
Van		7,250
Total		<u>252,257</u>

Time-restricted for future periods:

Cash surrender value of life insurance		134,661
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Perpetual in nature:

Subject to endowment spending policy and appropriation:		
General use		1,947,972

Total

\$ 2,334,890

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for six-month period ended June, 30 2019:

Satisfaction of purpose restrictions:

Kitchen/laundry improvements	\$	6,153
	\$	<u>6,153</u>

NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Funds without donor restrictions consist of the following:

Cash and cash equivalents	\$	1,183,099
Investments		70,462
Federal and state grants receivable		41,451
Beneficial interest in assets held by the Community Foundation		753,591
Prepaid expenses and deposits		30,410
Property and equipment, net		821,995
Accounts payable and accrued expenses		(72,161)
Compensated absences		(31,431)
Charitable gift annuity		<u>(18,840)</u>
Total	\$	<u>2,778,576</u>

PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2019

NOTE 8 - ENDOWMENT

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions. The Center has a restricted endowment fund established for the purpose of providing income to support general operations.

Interpretation of Relevant Law

The Board of Directors has interpreted relevant law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as donor restricted net assets (a) the original value of gifts donated to the restricted endowment, (b) the original value of subsequent gifts to the restricted endowment, and (c) accumulations to the restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

	<u>With Donor Restrictions</u>
Endowment net assets, January 1, 2018	\$ 1,936,135
Contributions to endowment from ICCC Foundation	11,837
Net investment loss	(83,643)
Endowment net assets, December 31, 2018	<u>1,864,329</u>
Net investment gain	83,643
Endowment net assets, June 30, 2019	<u><u>\$ 1,947,972</u></u>

Funds with Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor requires the Center to retain or by law (underwater endowments). As of June 30, 2019, there were no deficiencies of this nature.

Spending Policy

Endowment funds help support the general purposes of the Center. As a result, the Center's policy is to classify all net investment earnings, if any, to net assets without restrictions.

NOTE 9 - FAIR VALUE MEASUREMENTS

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

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

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

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

PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2019

NOTE 9 - FAIR VALUE MEASUREMENTS - continued

The following are the major categories of assets measured at fair value on a recurring basis during the six-months ended June 30, 2019:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 129,773	\$ 129,773	\$ -	\$ -
Mutual funds	1,344,488	1,344,488	-	-
Exchange-traded products	492,492	492,492	-	-
Beneficial interest in assets held by Community Foundation	753,591	-	-	753,591
	<u>\$ 2,720,344</u>	<u>\$ 1,966,753</u>	<u>\$ -</u>	<u>\$ 753,591</u>

NOTE 10 - BENEFICIAL INTEREST IN ASSETS HELD BY THE COMMUNITY FOUNDATION

The Community Foundation of Collier County (CFCC) maintains an agency endowment ("Immokalee Early Learning Center Fund") for the benefit of the Center. The Center has granted CFCC's Board of Directors variance power which gives CFCC the power to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgement of CFCC's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The invested assets are subject to CFCC investment and spending policies. Invested assets are reported at fair value in the statements of financial position. Changes in the value of assets held by CFCC are reported as investment income on the statements of activities.

The changes of the Agency Fund for the six-months ended June 30, 2019 are as follows:

Community Foundation fund, beginning balance	\$ 700,000
Interest and dividends	10,090
Net realized gain/(loss)	9,797
Net unrealized gain/(loss)	36,708
Investment management fees	(3,004)
Community Foundation fund, ending balance	<u>\$ 753,591</u>

NOTE 11 - INVESTMENT RETURN, NET

Investment return consists of the following:

Interest and dividends	\$ 31,324
Net realized gain	9,797
Net unrealized gain	264,663
Investment management fees	(8,347)
	<u>\$ 297,437</u>

NOTE 12 - CONCENTRATIONS OF CREDIT RISK

The Center maintains accounts at financial institutions in bank deposits which, at times, may exceed federally insured limits of \$250,000. The Center has not experienced any losses on such accounts and believes it is not exposed to any significant risk on cash.

PATHWAYS EARLY EDUCATION CENTER OF IMMOKALEE, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2019

NOTE 13 - LEASE OBLIGATIONS

In March 2014, the Center entered into a three year lease for its administrative office in Naples, FL. On July 15, 2014, the lease term was extended to September 2019. In October 2019, the Center relocated its administrative office in Naples, FL and entered into a five year lease.

Future minimum lease payments required under office lease are as follows:

<u>Year</u>	<u>Office Lease</u>
2019-2020	\$ 57,234
2020-2021	67,485
2021-2022	69,510
2022-2023	71,595
2023-2024	73,740
Thereafter	18,570
	<u>\$ 358,134</u>

NOTE 14 - ECONOMIC DEPENDENCE

The operations of the Center are dependent on the receipt of support and revenue from grantor agencies. Loss of these funds and/or large decreases in these types of funding would have a material effect on the Center and a negative impact on overall operations. For the six-months ended June 30, 2019, approximately 46% of total support and revenue was attributable to the sources described above.

NOTE 15 - SUBSEQUENT EVENTS

Subsequent events were evaluated through October 12, 2020, which is the date the financial statements were available to be issued. The following are transactions that have occurred since June 30, 2019.

In November 2019, the Center purchased land adjacent to the current Center in Immokalee for \$310,000. The land will allow for expansion of the current Center. The financed portion of the land purchased is approximately \$215,000 payable by November 2021.

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. COVID-19 pandemic has had significant effects on global markets, businesses and communities. Specific to the Center, COVID-19 has impacted various parts of its 2020 operations and financial results, included and not limited to decrease in donor contributions. Management believes the Center is taking appropriate actions to mitigate the negative impact that COVID-19 has caused. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to the year end and are still developing.