# THE IMMOKALEE FOUNDATION, INC.

## FINANCIAL STATEMENTS

## YEAR ENDED JUNE 30, 2016

**THE IMMOKALEE FOUNDATION, INC.**
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**YEAR ENDED JUNE 30, 2016**

CliftonLarsonAllen

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**INDEPENDENT AUDITORS' REPORT**

Board of Trustees
The Immokalee Foundation, Inc.
Naples, Florida

We have audited the accompanying financial statements of The Immokalee Foundation, Inc. (the Foundation), a nonprofit organization, which comprises the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year ended June 30, 2016, 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.

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

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

Board of Trustees
The Immokalee Foundation, Inc.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Immokalee Foundation, Inc., as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the year ended June 30, 2016, in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Naples, Florida
February 1, 2017

# THE IMMOKALEE FOUNDATION, INC.
## STATEMENTS OF FINANCIAL POSITION
## JUNE 30, 2016 AND 2015

| | 2016 | 2015 |
|---|---|---|
| **ASSETS** | | |
| Cash and Cash Equivalents | $ 58,408 | $ 746,911 |
| Program Receivable | 201,743 | 120,116 |
| Prepaid Expenses and Other Assets | 113,995 | 94,939 |
| Take Stock in Children and Florida Prepaid Scholarships | 1,813,008 | 1,598,831 |
| Unconditional Promises to Give, Net | 123,600 | 237,844 |
| Investments | 616,418 | 5,344,973 |
| Beneficial Interest in Assets Held by Others | 4,657,916 | - |
| Property and Equipment, Net | 1,450,570 | 1,489,761 |
| Total Assets | $ 9,035,658 | $ 9,633,375 |
| **LIABILITIES AND NET ASSETS** | | |
| **LIABILITIES** | | |
| Accounts Payable and Accrued Expenses | $ 2,783 | $ 43,919 |
| Scholarships Payable | 61,750 | 80,000 |
| Deferred Revenue | 63,916 | 64,500 |
| Lines of Credit | - | 184,500 |
| Total Liabilities | 128,449 | 372,919 |
| **NET ASSETS** | | |
| Unrestricted | 5,756,320 | 6,240,138 |
| Temporarily Restricted | 617,061 | 486,490 |
| Permanently Restricted | 2,533,828 | 2,533,828 |
| Total Net Assets | 8,907,209 | 9,260,456 |
| Total Liabilities and Net Assets | $ 9,035,658 | $ 9,633,375 |

*See accompanying Notes to Financial Statements.*

# THE IMMOKALEE FOUNDATION, INC.
# STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
# YEAR ENDED JUNE 30, 2016

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| **SUPPORT AND REVENUES** | | | | |
| Contributions | $ 1,120,295 | $ 520,325 | $ - | $ 1,640,620 |
| Grant Revenues | 648,290 | - | - | 648,290 |
| Event Revenues | 741,076 | - | - | 741,076 |
| Contributed Goods and Services | 22,501 | - | - | 22,501 |
| Increase in Beneficial Interest in Assets Held by Others | 39,378 | | | 39,378 |
| Investment Return | (271,015) | - | - | (271,015) |
| Total Support and Revenues | 2,300,525 | 520,325 | - | 2,820,850 |
| Net Assets Released from Restrictions | 389,754 | (389,754) | - | - |
| Total Support, Revenues, and Transfers | 2,690,279 | 130,571 | - | 2,820,850 |
| **EXPENSES** | | | | |
| Program Services, Grants, and Distributions | 2,141,474 | - | - | 2,141,474 |
| General and Administrative | 208,837 | - | - | 208,837 |
| Fundraising | 584,232 | - | - | 584,232 |
| Costs of Direct Benefit to Donors | 239,554 | - | - | 239,554 |
| Total Expenses | 3,174,097 | - | - | 3,174,097 |
| **CHANGES IN NET ASSETS** | (483,818) | 130,571 | - | (353,247) |
| Net Assets - Beginning of Year | 6,240,138 | 486,490 | 2,533,828 | 9,260,456 |
| **NET ASSETS - END OF YEAR** | $ 5,756,320 | $ 617,061 | $ 2,533,828 | $ 8,907,209 |

*See accompanying Notes to Financial Statements.*

# THE IMMOKALEE FOUNDATION, INC.
# STATEMENT OF FUNCTIONAL EXPENSES
# YEAR ENDED JUNE 30, 2016

| | Program Services and Distributions | General and Administrative | Fundraising | Costs of Direct Benefit to Donors | Total Expenses |
|---|---|---|---|---|---|
| Bad Debt | $ - | $ 9,750 | $ - | $ - | $ 9,750 |
| Communication | 60,632 | 7,084 | 13,674 | - | 81,390 |
| Contracted Services | 401,070 | 10,974 | 150,594 | 172,829 | 735,467 |
| Depreciation | 46,697 | 7,644 | 7,647 | - | 61,988 |
| Scholarships | 221,663 | - | - | - | 221,663 |
| Insurance | 14,621 | 3,714 | 3,714 | - | 22,049 |
| Bank and Merchant Fees | 11,691 | 2,940 | 11,500 | - | 26,131 |
| Facility Costs | 31,347 | 7,786 | 17,843 | - | 56,976 |
| Other Expenses | 56,457 | 2,757 | 20,753 | 66,725 | 146,692 |
| Field Trips | 67,023 | - | - | - | 67,023 |
| Marketing | 53,883 | - | 37,817 | - | 91,700 |
| Professional Services | 34,068 | 3,434 | 28,868 | - | 66,370 |
| Rental Equipment | 12,805 | 3,761 | 4,701 | - | 21,267 |
| Salaries and Benefits | 970,734 | 138,112 | 244,557 | - | 1,353,403 |
| Supplies | 34,743 | 7,998 | 36,308 | - | 79,049 |
| Transportation/Meals | 124,040 | 2,883 | 6,256 | | 133,179 |
| Total Functional Expenses | $ 2,141,474 | $ 208,837 | $ 584,232 | $ 239,554 | $ 3,174,097 |

*See accompanying Notes to Financial Statements.*

# THE IMMOKALEE FOUNDATION, INC.
# STATEMENTS OF CASH FLOWS
# YEAR ENDED JUNE 30, 2016

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Change in Net Assets | $ (353,247) |
| Adjustments to Reconcile Changes in Net Assets to Net Cash (Used) by Operating Activities: | |
| Depreciation | 61,988 |
| Realized Loss on Investments | 3,762 |
| Unrealized Loss on Investments | 342,963 |
| Change in Beneficial Interest in Assets Held by Others | (39,378) |
| (Increase) Decrease in: | |
| Program Receivable | (81,627) |
| Prepaid Expenses and Other Assets | (19,056) |
| Take Stock in Children and Florida Prepaid Scholarships | (214,177) |
| Unconditional Promises to Give and Bequests Receivable | 54,244 |
| Increase (Decrease) in: | |
| Accounts Payable and Accrued Expenses | (41,136) |
| Scholarships Payable | (18,250) |
| Deferred Revenue | (584) |
| Net Cash (Used) by Operating Activities | (304,498) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Purchase of Property and Equipment | (22,797) |
| Proceeds from Sale of Investments | 2,061,906 |
| Purchases of Investments | (2,298,614) |
| Net Cash (Used) by Investing Activities | (259,505) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | |
| Payments on Line of Credit | (184,500) |
| Collection of Contributions Restricted for Long-term Purposes | 60,000 |
| Net Cash (Used) by Financing Activities | (124,500) |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | (688,503) |
| Cash and Cash Equivalents - Beginning of Year | 746,911 |
| **CASH AND CASH EQUIVALENTS - END OF YEAR** | $ 58,408 |
| **SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION** | |
| Cash Paid for Interest | $ 1,292 |
| Cash Paid for Income Taxes | $ - |
| **SUPPLEMENTAL DISCLOSURES OF NONCASH OPERATING AND INVESTING ACTIVITIES** | |
| Contributions of Securities at Fair Market Value | $ 39,004 |
| Transfer of Investements to Beneficial Interest in Assets Held by Others | $ 4,618,538 |

*See accompanying Notes to Financial Statements.*

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Nature of Activities

The Immokalee Foundation, Inc. (the Foundation) was incorporated and commenced operations on September 4, 1991, as a Florida nonprofit corporation. The mission of the Foundation is to build pathways to success for the children of Immokalee through programs focused on education, career, and life skills. The Foundation offers students the tools, opportunities, support and encouragement they need to succeed at each level of their education which will lead to career readiness and economic independence. The board of directors elected to change the fiscal year to June 30, effective with the period ended June 30, 2015.

### Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, which recognizes revenues when earned and expenses as incurred.

### Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards. The Foundation reports 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.

The accompanying financial statements have been prepared to focus on the Foundation as a whole and to present balances and transactions according to the existence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

#### Unrestricted

Net assets not subject to donor-imposed restrictions. Such assets are available for any purpose consistent with the Foundation’s mission.

#### Temporarily Restricted

Net assets subject to specific, donor-imposed restrictions that must be met by actions of the Foundation and/or passage of time. Such assets normally fund specific expenditures of an operating or capital nature.

#### Permanently Restricted

Net assets subject to donor imposed restriction requiring they be maintained permanently by the Foundation. Such assets are normally restricted to long-term investment with income earned and appreciation available for specific or general Foundation purposes.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions and are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. However, contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized.

### Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

### Contributed Services and Goods

Contributed services meeting the requirements for recognition in the financial statements are recorded at the fair market value at the date of contribution. However, individuals that volunteer their time and perform a variety of tasks that assist the Foundation with specific assistance that do not meet the requirements for recognition are not reflected in these statements. For the year ended June 30, 2016, the Foundation recognized $22,501, in contributed goods and services.

### Cash and Cash Equivalents

For purpose of the statement of cash flows, the Foundation considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash in bank may exceed FDIC insurable limits.

### Investments and Investment Income

Investments are carried at fair market value determined by quoted prices on the last business day of the year. Donated investments are recorded at fair market value at the date of receipt. Investment income may be either unrestricted or temporarily restricted resources when earned, determined according to donor-imposed restrictions. The Foundation follows a total return concept with regard to investments, as such unrealized appreciation on temporarily restricted net assets is considered to be unrestricted.

### Beneficial Interests in Assets Held by Others

Beneficial interests in assets held by others are recorded at fair value. Interest income and market value change earned on the beneficial interest is recorded in the Foundation’s statement of activities and changes in net assets.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Property and Equipment**

The Foundation records property and equipment at cost, when purchased, or at fair market value, when donated, on items more than $500 with a life greater than one year. Property and equipment are depreciated over their estimated useful lives of three to 39 years using the straight-line method of depreciation. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charges to expenses as incurred.

**Deferred Revenues**

Deferred revenues are revenues that the Foundation has received for special events to be held in the subsequent year. The Foundation's policy is to return any amounts received if the event does not occur, and as such, amounts received are deferred revenue.

**Functional Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis on the statement of functional expenses. The costs of special events are included in the category of costs of direct benefits to donors. The remaining costs have been allocated indirectly to either program or supporting services based on management's best estimates.

**Income Taxes**

The Internal Revenue Service (IRS) has determined that the Foundation is exempt from income taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3). In addition, the Foundation has been determined by the IRS to be other than a private foundation within the meaning of Section 509(a) of the IRC. Accordingly, no provision for income taxes has been made in these financial statements.

The Foundation's income tax returns are subject to review and examination by federal and state authorities. The Foundation is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes.

The Foundation follows the provisions of accounting for uncertainty in income taxes recognized in their financial statements. This prescribes recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Foundation has determined that it has no uncertain tax positions.

**Unconditional Promises to Give, Net**

Unconditional promises to give due in the next year are recorded at their net realizable value. Those due in subsequent years are reported at the present value of their net realizable value, using risk-fee interest rates applicable to the years in which the promises are to be received. Additionally, the Foundation uses the allowance method to determine uncollectible promises to give. The allowance is based upon prior years' experience and management's analysis of specific promises made.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Take Stock in Children and Florida Prepaid Scholarships**

The Foundation purchases scholarships from the Florida Prepaid College Foundation (FPCF) as financial resources and student needs allow utilizing a 50/50 match of state appropriations and TIF funds. Prices of the scholarships are established by the Florida Prepaid College Board annually and are based on actuarial assumptions pursuant to Florida state statutes.

Scholarships are tracked by certificate number and are recorded as assets on the statement of financial position until utilized. Qualified students are matched to a scholarship and the Foundation monitors their progress and usage of the scholarship as they progress through their studies. Unassigned scholarships remain in open inventory. The Foundation estimates a monthly expense of scholarship utilization which is adjusted to actual usage at the end of each fiscal year.

**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 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.

**Fair Value Measurement**

The Foundation measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Foundation may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Fair Value Measurements (Continued)**

*Level 1* – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

*Level 2* – Financial assets and liabilities are valued using inputs quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes private collateralized mortgage obligations, municipal bonds, and corporate debt securities.

*Level 3* – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes private equity, venture capital, hedge funds and real estate.

The Foundation has the option to elect to measure financial instruments at fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Foundation has not elected to measure any existing financial instruments at fair value at June 30, 2016; however, the Foundation may elect to measure newly acquired financial instruments at fair value in the future.

**Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through February 1, 2017, the date the financial statements were available to be issued.

## NOTE 2 INVESTMENTS

The Foundation's investments are managed by outside investment advisors. Investments for the Foundation as June 30, 2016 and 2015 consisted of the following:

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | Fair Market Value | Cost | Fair Market Value | Cost |
| Equity Securities | $ - | $ - | $ 3,299,016 | $ 3,080,897 |
| Fixed Income | - | - | 943,744 | 954,834 |
| Alternative Investments | 616,418 | 780,000 | 842,798 | 835,818 |
| Real Estate | - | - | 207,156 | 223,664 |
| Commodities | - | - | 52,259 | 48,292 |
| Total | $ 616,418 | $ 780,000 | $ 5,344,973 | $ 5,143,505 |

## NOTE 2 INVESTMENTS (CONTINUED)

For the year ended June 30, 2016, the Foundation's total investment return is as follows:

| | | |
|---|---|---|
| Interest and Dividend Income | $ | 126,138 |
| Net Realized (Loss) | | (3,762) |
| Change in Unrealized (Loss) | | (342,963) |
| Management Fees | | (50,428) |
| Total Investment Return | $ | (271,015) |

## NOTE 3 BENEFICIAL INTEREST IN ASSETS HELD BY OTHER

During the year ended June 30, 2016, the Foundation transferred funds to the Community Foundation of Collier County for investment purposes. The Community Foundation of Collier County is holding the funds for the benefit of the Foundation. Future benefits of these funds remain on the books of the Foundation as the funds originally belonged to the Foundation. The Foundation can take back the funds at any time. The amounts are recorded at fair value at June 30, 2016, and the balance is $4,657,916.

## NOTE 4 FAIR VALUE MEASUREMENTS

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Foundation values all other assets and liabilities refer to Note 1 – Summary of Significant Accounting Policies.

The following table presents the fair value hierarchy for the balances of the assets of the Foundation measured at fair value on a recurring basis as of June 30, 2016:

| | 2016 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Investments: | | | | |
| Alternative Investments | $ - | $ - | $ 616,418 | $ 616,418 |
| Beneficial Interests in | | | | |
| Assets Held by Others | - | - | 4,657,916 | 4,657,916 |
| Total | $ - | $ - | $ 5,274,334 | $ 5,274,334 |

## NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the fair value hierarchy for the balances of the assets of the Foundation measured at fair value on a recurring basis as of June 30, 2015:

| | 2015 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Investments: | | | | |
| Equity Securities | $ 3,299,016 | $ - | $ - | $ 3,299,016 |
| Fixed Income | 943,744 | - | - | 943,744 |
| Alternative Investments | - | - | 842,798 | 842,798 |
| Real Estate | 207,156 | - | - | 207,156 |
| Commodities | 52,259 | - | - | 52,259 |
| Total | $ 4,502,175 | $ - | $ 842,798 | $ 5,344,973 |

The following represents a fair value roll forward of all assets and liabilities measured at Level 3, refer to Note 1 – Summary of Significant Accounting Policies:

| | |
|---|---|
| Level 3 Alternative Investments | |
| Balance at March 31, 2014 | $ 225,095 |
| Purchases of Investments | 835,818 |
| Proceeds from Sale of Investments | (225,095) |
| Unrealized Gain on Investments | 6,980 |
| Balance at June 30, 2015 | 842,798 |
| Purchases of Investments | (1,840,140) |
| Proceeds from Sale of Investments | 1,353,477 |
| Unrealized Gain on Investments | 324,283 |
| Withdrawals | (64,000) |
| Balance at June 30, 2016 | $ 616,418 |

| | |
|---|---|
| Level 3 Beneficial Interest in Assets Held by Others: | |
| Balance at June 30, 2016 | $ - |
| Purchases | 4,618,538 |
| Interest, Dividends, and Gains(Losses) | 39,378 |
| Total | $ 4,657,916 |

Alternative Investments categorized at Level 3 are measured at fair value with a valuation technique utilizing market prices at the close of the last business day for the statement period, provided by investment advisors. The investment advisor's objective is to generate consistent capital appreciation over the long-term with relatively low volatility and a low correlation with traditional equity and fixed-income markets. There are no unfunded commitments related to this investment. The redemption terms are that it can be done quarterly with notice required by the 25$^{th}$ of the preceeding month. This investment was redeemed subsequent to year end.

Beneficial interests in assets held by others is categorized at Level 3 and is measured at fair value with a valuation technique utilizing market prices at the close of the last business day for the statement period, provided by the Community Foundation of Collier County, Inc.

## NOTE 5 PROPERTY AND EQUIPMENT, NET

Property and equipment at June 30, 2016 and 2015 consists of the following:

| | 2016 | 2015 |
|---|---|---|
| Building and Land | $ 1,573,111 | $ 1,573,111 |
| Office and Computer Equipment | - | 100,783 |
| Office Furniture | 240,898 | 117,318 |
| Total | 1,814,009 | 1,791,212 |
| Less: Accumulated Depreciation | (363,439) | (301,451) |
| Property and Equipment, Net | $ 1,450,570 | $ 1,489,761 |

## NOTE 6 UNCONDITIONAL PROMISES TO GIVE, NET

The Foundation routinely receives promises to give for funding of various activities of the Foundation. These promises to give are restricted for the payment of expenses for the projects restricted by each of the donors. As of June 30, 2016 and 2015, unconditional promises to give are as follows:

| | 2016 | 2015 |
|---|---|---|
| Unconditional Promises to Give | $ 133,506 | $ 247,750 |
| Less: Discount to Net Present Value | (9,906) | (9,906) |
| Total | $ 123,600 | $ 237,844 |

Payments of the promise to give are expected to be as follows:

| Year Ended June 30, | Amount |
|---|---|
| 2016 | $ 73,506 |
| 2017 | 50,000 |
| 2018 | 10,000 |
| Total | $ 133,506 |

## NOTE 7 SCHOLARSHIPS

During the year months ended June 30, 2016, the Foundation incurred expenses of $221,663, for its scholarship programs which are reflected in the accompanying statement of functional expenses.

## NOTE 8 LINE OF CREDIT

The Foundation had one line of credit with a financial institution as of June 30, 2016 and 2015. The amount available under the line of credit was $300,000 and $300,000 as of June 30, 2016 and 2015, respectively. The line of credit expires February 13, 2017. The interest rate for the line of credit was LIBOR plus 1.50%, which was 1.97% and1.44% as of June 30, 2016 and 2015, respectively, and interest is due monthly. As of June 30, 2016 and 2015, the balance was $- and $184,500, which is payable on maturity.

## NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30, 2016:

| | 2016 | 2015 |
|---|---|---|
| Scholarship Bequest | $ - | $ 125,144 |
| Take Stock in Children and Florida Prepaid Scholarships | 36,050 | 34,250 |
| Restricted Donations | 88,628 | 56,267 |
| Unconditional Promises to Give, Net | 110,094 | 170,094 |
| Fund-A-Dream | 382,289 | 100,735 |
| Total | $ 617,061 | $ 486,490 |

## NOTE 10 ENDOWMENT

The Foundation has a donor-restricted endowment fund established for the purposes of providing income to support general operations. As required by accounting principles generally accepted in the United States of America, net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The board of directors of the Foundation has interpreted relevant state 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 Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets. The Foundation considers all earning on endowment funds to be appropriated and available for current year operations.

**Funds with Deficiencies**

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, as of June 30, 2016, there was a deficiency of $82,995.

## NOTE 10 ENDOWMENT (CONTINUED)

**Spending Policy**

The spending policy of endowment assets is determined based on the overall needs of the Foundation balanced with the long-term investment return objectives for a fund to be held in perpetuity.

Changes in endowment net assets as of June 30, 2016 and 2015, are as follows:

| | Unrestricted | Permanently Restricted | Total |
|---|---|---|---|
| Endowment Net Assets as of March 31, 2014 | $ - | $ 2,533,828 | $ 2,533,828 |
| Investment Return: | | | |
| Investment Income | 81,538 | - | 81,538 |
| Investment Expense | (21,619) | - | (21,619) |
| Net Appreciation: | | | |
| Realized and Unrealized | 36,346 | - | 36,346 |
| Total Investment Return | 96,265 | - | 96,265 |
| Appropriations | (96,265) | - | (96,265) |
| Endowment Net Assets as of June 30, 2015 | - | 2,533,828 | 2,533,828 |
| Investment Return: | | | |
| Investment Income | 60,598 | - | 60,598 |
| Change in Beneficial Interest | 18,917 | - | 18,917 |
| Net Appreciation: | | | |
| Realized and Unrealized | (166,569) | - | (166,569) |
| Total Investment Return | (87,054) | - | (87,054) |
| Appropriations | - | - | - |
| Endowment Net Assets as of June 30, 2016 | $ (87,054) | $ 2,533,828 | $ 2,446,774 |

As of June 30, 2016 and 2015, there were no board designated endowments.

**Investment Policies**

The Foundation has established an investment policy to determine investment or reinvestment of the assets in accordance with such guidelines, policies and procedures that are authorized by the board of directors. These guidelines, policies and procedures shall attempt to generate a long-term investment return that will contribute to meeting the spending needs of the Foundation while maintaining the purchasing power of the investment assets. The Foundation's spending and investment policies works together to achieve this objective. The investment policy establishes a long-term investment objective through diversification of asset classes. To achieve its investment objectives over long periods of time, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The investment strategy targets a diversified asset allocation that includes domestic equities, non-US equities, fixed income and alternative investments. The majority of assets are invested in equity or equity like securities. Diversification by asset class, investment style, investment manager, etc. is employed to avoid undue risk concentration and enhance total return.

## NOTE 10 ENDOWMENT (CONTINUED)

**Investment Policies (Continued)**

The primary performance objective is to achieve an annualized total rate of return, net of investment fees, that is equal to or greater than 4% plus inflation over long periods of time. Actual returns in any given year may vary from this amount.

## NOTE 11 COMMITMENTS

The Foundation renewed its lease agreement for office space in Naples during the period ended June 30, 2015. The lease expires in December 2018 and includes monthly payments of $1,300.

The Foundation has two separate lease agreements for two copiers. The leases expire in June 2017 and July 2018, and include monthly payments of $286 and $277, respectively.

The future minimum lease payments under these leases are as follows:

| Year Ending June 30, | Amount |
|---|---|
| 2017 | $ 21,756 |
| 2018 | 11,124 |
| Total | $ 32,880 |

Rental expense for the years ended June 30, 2016 was $21,267.