

Girls Incorporated of Sarasota County

Financial Statements

For the Years Ended September 30, 2016 and 2015

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statement of Functional Expenses, September 30, 2016.....	5
Statement of Functional Expenses, September 30, 2015.....	6
Statements of Cash Flow.....	7
Notes to Financial Statements.....	8

Mercurio & Maxwell, CPA's, LLC

Certified Public Accountant
713 South Orange Avenue, Suite 103
Sarasota, Florida 34236

Tel: (941) 706-4632
Fax: (941) 706-4637
Email: john@jjmcpa.net
Email: jody@jjmcpa.net

Member
American Institute of Certified
Public Accountants
Florida Institute of Certified
Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Girls Incorporated of Sarasota County

We have audited the accompanying financial statements of Girls Incorporated of Sarasota County (a nonprofit organization), which comprise the statements of financial position as of September 30, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. The financial statements of Girls Incorporated of Sarasota County as of September 30, 2015, were audited by other auditors whose report dated February 8, 2016, expressed an unmodified opinion on those statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors
Girls Incorporated of Sarasota County

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girls Incorporated of Sarasota County as of September 30, 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mercino & Maxwell, CPAs, LLC

Sarasota, Florida
December 16, 2016

STATEMENTS OF FINANCIAL POSITION

	September 30,	
	2016	2015
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 138,632	\$ 169,116
Cash and cash equivalents restricted by donors	176,866	38,084
Investments held with the Community Foundation of Sarasota County, Inc.	78,350	76,336
Unconditional promises to give	105,000	-
Prepaid expenses and other current assets	16,062	23,852
Total current assets	514,910	307,388
Property and equipment, net of accumulated depreciation	1,074,596	1,087,981
Other assets		
Land lease commitment	1,161,360	1,209,874
Unconditional promises to give, noncurrent, net	65,878	-
Beneficial interest in the net assets of the Community Foundation of Sarasota County, Inc.	134,998	131,582
Total other assets	1,362,236	1,341,456
TOTAL ASSETS	\$ 2,951,742	\$ 2,736,825
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable	\$ 3,351	\$ -
Accrued expenses	64,050	45,497
Current portion of note payable	-	30,158
Deferred revenue	12,500	3,592
Total current liabilities	79,901	79,247
Non-current liabilities		
Note payable	-	42,265
Total liabilities	79,901	121,512
Net assets:		
Unrestricted	1,227,739	1,235,773
Temporarily restricted	1,509,104	1,247,958
Permanently restricted	134,998	131,582
Total net assets	2,871,841	2,615,313
TOTAL LIABILITIES AND NET ASSETS	\$ 2,951,742	\$ 2,736,825

See accompanying notes to financial statements.

STATEMENTS OF ACTIVITIES

	For the Years Ended September 30,	
	2016	2015
Changes in unrestricted net assets		
Revenues and gains		
Contributions	\$ 365,794	\$ 428,929
Special events (net of direct expenses of \$91,019 and \$50,387, respectively)	264,217	218,758
Program service fees	176,007	214,421
Interest and dividend income	2,013	2,104
Realized and unrealized gains (losses) on investments	4,572	(2,789)
Miscellaneous income	763	966
	<u>813,366</u>	<u>862,389</u>
Net assets released from restrictions	<u>576,271</u>	<u>454,189</u>
Total unrestricted revenue, gains and other support	<u>1,389,637</u>	<u>1,316,578</u>
Expenses		
Program services	1,066,920	1,007,817
General and administrative	204,070	159,974
Fundraising	126,681	123,994
Total expenses	<u>1,397,671</u>	<u>1,291,785</u>
Increase (decrease) in unrestricted net assets	<u>(8,034)</u>	<u>24,793</u>
Changes in temporarily restricted net assets		
Gifts and grants	692,817	243,097
Grants, government	104,688	69,323
In-kind contributions	39,912	41,461
Net assets released from restrictions	<u>(576,271)</u>	<u>(454,189)</u>
Increase (decrease) in temporarily restricted net assets	<u>261,146</u>	<u>(100,308)</u>
Changes in permanently restricted net assets		
Change in fair value in the beneficial interest in the net assets of the Community Foundation of Sarasota County, Inc.	<u>3,416</u>	<u>(8,750)</u>
Increase (decrease) in permanently restricted net assets	<u>3,416</u>	<u>(8,750)</u>
Change in net assets	256,528	(84,265)
Net assets, beginning of year	<u>2,615,313</u>	<u>2,699,578</u>
Net assets, end of year	<u>\$ 2,871,841</u>	<u>\$ 2,615,313</u>

See accompanying notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year ended September 30, 2016

	Program Services	General and Administrative	Fundraising	Total Expenses
Salaries	\$ 450,328	\$ 84,061	\$ 66,048	\$ 600,437
Payroll taxes	33,364	6,228	4,893	44,485
Employee insurance and benefits	43,361	8,094	6,360	57,815
Total salaries and benefits	527,053	98,383	77,300	702,737
Building repair and maintenance	51,484	6,854	4,569	62,907
Charges and penalties	11,054	3,193	5,607	19,854
Computer maintenance	6,715	1,919	959	9,593
Consumables, client supplies and services	84,787	-	2,018	86,805
Dues and donation	17,718	2,127	1,779	21,624
Electric	23,690	3,553	2,369	29,612
Equipment lease and rental	10,422	1,563	1,042	13,027
Fees and rentals	625	-	-	625
General insurance	37,800	5,670	3,780	47,250
In-kind rent expense	70,742	10,611	7,074	88,427
Interest expense	2,550	382	255	3,187
Legal and accounting	39,530	7,691	4,384	51,605
Minor equipment	805	39,208	-	40,013
Miscellaneous	3,578	611	434	4,623
Office supplies	349	52	35	436
Postage and delivery	2,908	436	291	3,635
Printing and reproduction	10,258	1,539	1,026	12,823
Scholarships	1,100	-	-	1,100
Taxes and licenses	1,334	200	133	1,667
Telephone	4,521	1,292	646	6,459
Temporary contract staff	24,500	4,573	3,593	32,666
Travel	12,195	1,829	1,220	15,244
Vehicle expense	39,529	132	-	39,661
Water and waste disposal	8,363	1,255	836	10,454
Total other expenses	466,557	94,690	42,050	603,297
Total expenses before depreciation	993,611	193,073	119,350	1,306,034
Depreciation	73,310	10,996	7,331	91,637
Total functional expenses	\$ 1,066,920	\$ 204,070	\$ 126,681	\$ 1,397,671

See accompanying notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year ended September 30, 2015

	Program Services	General and Administrative	Fundraising	Total Expenses
Salaries	\$ 436,509	\$ 81,482	\$ 64,021	\$ 582,012
Payroll taxes	33,200	6,197	4,869	44,266
Employee insurance and benefits	33,059	6,171	4,849	44,079
Total salaries and benefits	502,768	93,850	73,739	670,357
Building repair and maintenance	37,167	4,729	3,154	45,050
Charges and penalties	8,740	3,846	3,663	16,249
Computer maintenance	3,333	952	476	4,761
Consulting	-	2,393	-	2,393
Consumables, client supplies and services	78,855	(153)	6,510	85,212
Dues and donation	14,532	1,296	1,147	16,975
Electric	21,876	3,281	2,188	27,345
Equipment lease and rental	16,135	2,420	1,614	20,169
Fees and rentals	3,083	-	-	3,083
General insurance	29,254	4,388	2,925	36,567
In-kind rent expense	70,742	10,611	7,074	88,427
Interest expense	3,873	581	387	4,841
Legal and accounting	42,886	7,954	4,678	55,518
Minor equipment	1,508	159	-	1,667
Miscellaneous	3,411	2,661	2,356	8,428
Office supplies	1,212	182	121	1,515
Postage and delivery	824	124	82	1,030
Printing and reproduction	6,428	964	643	8,035
Scholarships	5,982	-	-	5,982
Taxes and licenses	846	127	84	1,057
Telephone	4,833	1,381	690	6,904
Temporary contract staff	22,223	4,148	3,259	29,630
Travel	8,703	1,305	870	10,878
Vehicle expense	35,267	274	-	35,541
Water and waste disposal	10,098	1,515	1,010	12,623
Total other expenses	431,811	55,138	42,931	529,880
Total expenses before depreciation	934,579	148,988	116,670	1,200,237
Depreciation	73,238	10,986	7,324	91,548
Total functional expenses	\$ 1,007,817	\$ 159,974	\$ 123,994	\$ 1,291,785

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOW

	For the Years Ended September 30,	
	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ 256,528	\$ (84,265)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation expense	91,637	91,548
Change in fair value of beneficial interest in the net assets of Community Foundation of Sarasota County, Inc.	(3,416)	8,750
Realized and unrealized (gains) losses on investments	(4,572)	2,789
Land lease commitment	48,514	46,966
Change in operating assets and liabilities:		
Unconditional promises to give	(170,878)	3,000
Prepaid expenses and other current assets	7,790	(4,391)
Interest in settlement agreement	-	9,269
Accounts payable	3,351	(10,390)
Accrued expenses	18,553	4,400
Deferred income	8,908	(19,048)
Net cash provided by operating activities	<u>256,415</u>	<u>48,628</u>
Cash flows from investing activities:		
Purchase of investments held at the Community Foundation of Sarasota County, Inc.	(1,986)	(2,092)
Distribution for scholarships	4,543	8,916
Purchases of property and equipment	<u>(78,253)</u>	<u>(35,535)</u>
Net cash used by investing activities	<u>(75,696)</u>	<u>(28,711)</u>
Cash flows from financing activities:		
Payments on note payable	<u>(72,421)</u>	<u>(28,547)</u>
Net cash used by financing activities	<u>(72,421)</u>	<u>(28,547)</u>
Net increase (decrease) in cash and cash equivalents	108,298	(8,630)
Cash and cash equivalents - beginning	<u>207,200</u>	<u>215,830</u>
Cash and cash equivalents - ending	<u><u>\$ 315,498</u></u>	<u><u>\$ 207,200</u></u>
Detail of cash and cash equivalents, end of year		
Cash and cash equivalents	\$ 138,632	\$ 169,116
Cash and cash equivalents restricted by donors	<u>176,866</u>	<u>38,084</u>
	<u><u>\$ 315,498</u></u>	<u><u>\$ 207,200</u></u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u><u>\$ 3,187</u></u>	<u><u>\$ 4,841</u></u>

See accompanying notes to financial statements.

Notes to Financial Statements

September 30, 2016

Note 1 – Summary of Significant Accounting Policies:**Organization**

Girls Incorporated of Sarasota County (the "Organization") is a non-profit Florida corporation organized for the purpose of promoting health, social, cultural, vocational, and character development of girls. The Organization is principally funded by contributions from individuals, other organizations, grants, and program service fees. Additional revenue is earned by various special events.

Basis of Accounting

Girls Incorporated of Sarasota County financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Girls Incorporated of Sarasota County financial statements follow the recommendations of the Financial Accounting Standards Board and 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.

Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

The Organization records accounts receivable at their net realizable value. An allowance for doubtful accounts is established based on specific assessment of all amounts that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period the determination is made. There were no receivables at September 30, 2016 and 2015.

Investments Held with the Community Foundation of Sarasota County, Inc.

The Foundation of Girls Incorporated of Sarasota County (the "Foundation") held investments with the Community Foundation of Sarasota County, Inc. which were transferred to the Organization during the year ended September 30, 2013. During fiscal year 2013 the Foundation was dissolved and a new agreement was established. As part of the new agreement investments are held by the Community Foundation of Sarasota County. In relation to these investments the Organization has recognized in the statement of financial position, at fair value, Investments held with the Community Foundation of Sarasota County, Inc. in the amount of \$78,350 and \$76,336 as of September 30, 2016 and 2015, respectively. The change in fair value of this investment is included as a change in the unrestricted net assets interest and dividend income and in realized and unrealized gains/(losses) on investments in the statement of activities.

Notes to Financial Statements - Continued
September 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued:

Promises to Give

Promises to give are recorded at their carrying amount if expected to be collected in one year and at net realizable value if expected to be collected in more than one year. Unconditional promises to give are recognized as contribution revenue in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. An allowance for doubtful accounts is established based on specific assessment of all amounts that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period the determination is made. All promises to give are considered fully collectible as of September 30, 2016.

Property and Equipment

The Organization records its property and equipment at cost or at fair market value, if donated. Property and equipment is capitalized if it has a cost of \$1,000 or more and a useful life when acquired of more than one year. Depreciation of building and equipment is provided for using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives of assets range from 3 to 15 years for furniture, fixtures and equipment; and 5 to 39 years for buildings and leasehold improvements. Maintenance and repairs are expensed as incurred.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Any support that is restricted by the donor is reported as an increase in temporarily restricted net assets regardless of the reporting period in which the restriction is released, unless the contribution is permanently restricted. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In-kind Contributions

The Organization reports revenue for the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated. During the year ended September 30, 2016 in-kind contributions consisted of in-kind rent of \$39,912. During the year ended September 30, 2015, in-kind contributions consisted of in-kind rent of \$41,461.

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization's sole purpose is promoting health, social, cultural, vocational and character development of girls.

Notes to Financial Statements - Continued
September 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued:

Income Taxes

The Organization has been determined to be generally exempt from income tax under section 501 (c)(3) of the Internal Revenue Code. The Organization is required to pay income taxes on the excess of revenue derived from activities unrelated to the tax-exempt purpose of the Organization over the related expenses.

The Organization complies with the provisions of Accounting Standard Codification 740 related to accounting for uncertainty in income taxes. This provision requires all tax positions that meet a more-likely-than-not recognition threshold at the effective date to be recognized (or continue to be recognized) upon adoption. Management has reviewed their tax positions and concluded no liability or uncertain tax positions, or any interest or penalties related to uncertain tax positions, should be recognized in the Organization's financial statements.

The Organization files their income tax returns in the United States of America. The Organization's tax returns are subject to income tax examination by tax authorities for tax years ending on or after September 30, 2012.

Estimates

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

Note 2 – Unconditional Promises to Give:

Unconditional promises to give are due to be collected as follows as of September 30:

	<u>2016</u>	<u>2015</u>
Gross amounts due in		
One year	\$ 105,000	\$ -
Two to five years	<u>65,878</u>	<u>-</u>
Total	<u>\$ 170,878</u>	<u>\$ -</u>

Notes to Financial Statements - Continued
September 30, 2016

Note 3 – Property and Equipment:

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

	<u>2016</u>	<u>2015</u>
Building	\$ 2,156,416	\$ 2,101,881
Leasehold improvements	488,322	488,322
Furniture and equipment	294,817	272,297
Vehicles	<u>115,808</u>	<u>115,808</u>
Total	3,055,363	2,978,308
Less – accumulated depreciation	<u>(1,980,767)</u>	<u>(1,890,327)</u>
Net book value	<u>\$ 1,074,596</u>	<u>\$ 1,087,981</u>

Depreciation expense was \$91,637 and \$91,548 for the twelve months ended September 30, 2016 and 2015, respectively.

The majority of the property and equipment disclosed above, including the building and leasehold improvements, reside on land that is not owned by the Organization. The use and disposition of these assets are subject to the land lease contract with Sarasota County and may ultimately be reverted to Sarasota County upon termination of the lease.

Note 4 – Land Lease Commitment:

On June 28, 1993, the Organization executed an initial land lease agreement with Sarasota County for lease of land at 201 South Tuttle Avenue, Sarasota, Florida. On March 24, 2009, a new land lease for the same land was executed. The estimated fair value of the lease payments related to the land lease agreement executed on March 24, 2009 was used to estimate the net present value of the expected underlying benefit. During 2009, the net present value of the expected underlying benefit of this land lease was recorded as a temporarily restricted contribution in the statements of activities in the amount of \$1,489,747 and as a land lease commitment in the statement of financial position. Annually, as the benefits are derived from this land lease, the asset is reduced by the difference between estimated in-kind rent contribution and estimated in-kind rent expense.

The statements of activities include the in-kind rent contribution as in-kind contributions in the amounts of \$39,912 and \$41,461 for the years ending September 30, 2016 and 2015, respectively. Additionally, the statements of functional expenses reflect the in-kind rent expense of \$88,427 for the years ending September 30, 2016 and 2015.

Note 5 – Interest in Settlement Agreement:

During the year ended September 30, 2009, the Organization was part of a settlement agreement between 36 organizations and the Hugh Culverhouse Trust. Under the settlement agreement the Organization has an interest in the remainder of a charitable remainder unitrust. The lifetime beneficiary of the charitable remainder unitrust, Mrs. Joy McCann Culverhouse, passed away on April 26, 2016. The Trustee has concluded liquidating the remaining trust assets and initiated action to make terminating distributions to the various residuary beneficiaries, including Girls Incorporated of Sarasota County. The value of the beneficial interest in the remainder of the charitable remainder

Notes to Financial Statements - Continued
September 30, 2016

Note 5 – Interest in Settlement Agreement – Continued:

unitrust is \$84,053 as of August 31, 2016. Before the Trustee can safely distribute the remaining assets of the Trust pursuant to the Plan of Distribution, the Trustee must be assured that no lingering issues remain regarding the administration of the Trust, or regarding the proposed Plan of Distribution, therefore, the Organization has not recorded a related asset.

Note 6 – Beneficial Interest in Net Assets of the Community Foundation of Sarasota County, Inc.

During 2011, \$100,000 of donor received pledges was directed to the Community Foundation of Sarasota County, Inc. (the "Community Foundation") to set up the Donna Brace Ogilvie Endowment Fund (the "Fund"). The Fund was created through an agreement between the Organization, Community Foundation, and the donor which holds the funds in perpetuity for the sole and exclusive benefit of the Organization. Upon receipt of these funds, the Community Foundation contributed an additional \$20,000 towards the Fund. Based on the agreement signed with the donor, the Community Foundation does not have the ability to redirect the earnings to any other entity other than the Organization, unless the Organization is dissolved. Since the Fund held by the Community Foundation is held in perpetuity for the Organization, the fair value of the beneficial interest in the net assets of the Community Foundation is recognized as a permanently restricted net asset. In relation to this Fund, the Organization has recognized in the statement of financial position, at fair value, a beneficial interest in the net assets of the Community Foundation in the amount of \$134,998 and \$131,582 as of September 30, 2016 and 2015, respectively. The change in fair value of this beneficial interest is included as a change in fair value in the beneficial interest in the net assets of the Community Foundation in the statement of activities.

Note 7 – Defined Contribution Plan:

The Organization has established a 401(k) plan to which all employees can participate. Effective January 1, 2016, the plan was amended to provide for the matching of amounts contributed by employees up to 2% of gross wages after completing 1 year of eligible service. The Organization's contribution to this plan as of September 30, 2016 was \$1,859.

Note 8 – Note Payable:

During the year ended September 30, 2014, the Organization entered into a note payable agreement with Northern Trust Bank. An outstanding loan balance of \$67,307, along with the line of credit, was refinanced. The refinanced note required 60 equal monthly installments of \$2,782 which included interest at a fixed rate of 5.50%. Interest expense recognized during the years ended September 30, 2016 and 2015 was \$3,187 and \$4,841, respectively. The note was prepaid in full during 2016 and no obligation remains as of September 30, 2016.

Notes to Financial Statements - Continued
September 30, 2016

Note 9 – Commitments:

November 2012 the Organization entered into a 63 month operating lease for the use of a postage meter. December 2015 the Organization entered into a 63 month operating lease for the use of a copy machine. The future minimum lease payments are as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2017	\$ 8,854
2018	8,222
2019	7,906
2020	7,906
2021	<u>3,294</u>
Total future minimum lease payments	<u>\$ 36,182</u>

Note 10 – Temporarily Restricted net Assets:

At September 30, temporarily restricted net assets consisted of the following:

	<u>2016</u>	<u>2015</u>
Contributions	\$ 176,866	\$ 38,084
Time restriction, land lease	1,161,360	1,209,874
Unconditional promises to give	<u>170,878</u>	<u>-</u>
Total	<u>\$ 1,509,104</u>	<u>\$ 1,247,958</u>

Note 11 – Permanently Restricted Net Assets:

As discussed in Note 6, the Organization has a beneficial interest in the net assets of the Community Foundation. Permanently restricted net assets consist solely of the interest in the net assets of Donna Brace Ogilvie Endowment Fund maintained by Community Foundation which totals \$134,998 and \$131,582 as of September 30, 2016 and 2015, respectively.

Note 12 – Net Assets Released From Restrictions:

Net assets were released from donor restrictions during fiscal years 2016 and 2015, by incurring expenses satisfying the restricted purpose specified by donees.

Notes to Financial Statements - Continued
September 30, 2016

Note 13 – Special Events Revenue:

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

	<u>2016</u>	<u>2015</u>
Gross special events revenue	\$ 355,236	\$ 269,145
Less direct expenses	<u>(91,019)</u>	<u>(50,387)</u>
Total	\$ <u>264,217</u>	\$ <u>218,758</u>

Note 14 – Concentration of Credit Risk:

Statement of Financial Accounting Standards No. 105 requires the disclosure of concentrations of credit risk, regardless of the degree of risk, even if remote. Financial instruments which subject the organization to concentrations of credit risk consist principally of cash deposits in excess of federally insured limits. Uninsured deposits are backed by the financial strength of the financial institution, and management considers the risk of loss to be remote.

Total insured and uninsured cash deposits are as follows as of September 30, 2016:

Insured	\$ 250,000
Uninsured	<u>65,347</u>
Total	\$ <u>315,347</u>

Note 15 – Fair Value Hierarchy:

Generally accepted accounting principles in the United States of America establishes a hierarchy for which assets and liabilities measured at fair value must be grouped, based on significant levels of inputs (assumptions that market participants would use in pricing an asset or liability) as follows:

Level 1:	Quoted priced for identical assets or liabilities in active markets.
Level 2:	Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-driven valuations whose inputs are observable or whose significant value drives are observable.
Level 3:	Significant inputs to the valuation model are unobservable.

Notes to Financial Statements - Continued
September 30, 2016

Note 15 – Fair Value Hierarchy – Continued:

The following assets are required to be measured at fair market value on a recurring basis and the classification within the hierarchy as of September 30, 2016 is:

	Quoted Market Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at September 2016
Investments held with the Community Foundation Of Sarasota County, Inc.				
Cash and cash equivalents	\$ 965	\$ -	\$ -	\$ 965
Equity investments	44,703	-	-	44,703
Fixed income securities	21,779	-	-	21,779
Commodities	569	-	-	569
Diversified real estate funds	3,001	-	-	3,001
Private equity funds	-	-	945	945
Other alternative investments	-	-	6,388	6,388
	<u>\$ 71,017</u>	<u>\$ -</u>	<u>\$ 7,333</u>	<u>\$ 78,350</u>
Beneficial interest in the net assets of the Community Foundation of Sarasota County, Inc.				
Cash and cash equivalents	\$ 1,664	\$ -	\$ -	\$ 1,664
Equity investments	77,024	-	-	77,024
Fixed income securities	37,525	-	-	37,525
Commodities	980	-	-	980
Diversified real estate funds	5,170	-	-	5,170
Private equity funds	-	-	1,629	1,629
Other alternative investments	-	-	11,006	11,006
	<u>\$ 122,363</u>	<u>\$ -</u>	<u>\$ 12,635</u>	<u>\$ 134,998</u>
Total	<u>\$ 193,380</u>	<u>\$ -</u>	<u>\$ 19,968</u>	<u>\$ 213,348</u>

Notes to Financial Statements - Continued
September 30, 2016

Note 15 – Fair Value Hierarchy – Continued:

The following assets are required to be measured at fair market value on a recurring basis and the classification within the hierarchy as of September 30, 2015 is:

	Quoted Market Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at September 2015
Investments held with the Community Foundation Of Sarasota County, Inc.				
Cash and cash equivalents	\$ 5,897	\$ -	\$ -	\$ 5,897
Equity investments	41,916	-	-	41,916
Fixed income securities	19,633	-	-	19,633
Commodities	124	-	-	124
Diversified real estate funds	1,576	-	-	1,576
Private equity funds	-	-	869	869
Other alternative investments	-	-	6,321	6,321
	<u>\$ 69,146</u>	<u>\$ -</u>	<u>\$ 7,190</u>	<u>\$ 76,336</u>
Beneficial interest in the net assets of the Community Foundation of Sarasota County, Inc.				
Cash and cash equivalents	\$ 10,164	\$ -	\$ -	\$ 10,164
Equity investments	72,251	-	-	72,251
Fixed income securities	33,843	-	-	33,843
Commodities	216	-	-	216
Diversified real estate funds	2,716	-	-	2,716
Private equity funds	-	-	1,497	1,497
Other alternative investments	-	-	10,895	10,895
	<u>\$ 119,190</u>	<u>\$ -</u>	<u>\$ 12,392</u>	<u>\$ 131,582</u>
Total	<u>\$ 188,336</u>	<u>\$ -</u>	<u>\$ 19,582</u>	<u>\$ 207,918</u>

The fair value of the Organization's Level 1 financial assets is based on quoted market prices of the identical security. The fair value of the Organization's Level 2 financial assets and liabilities are obtained from a model-driven valuation whose significant value drivers are observable. The fair value of the Organization's Level 3 is based on unobservable inputs (assumptions that market participants would use in pricing an asset) that reflect assumptions based on the best information available. As of September 30, 2016 and 2015, the Organization did not have any liabilities measured at fair value.

Notes to Financial Statements - Continued
September 30, 2016

Note 15 – Fair Value Hierarchy – Continued:

The following is a reconciliation of the investments in which significant unobservable inputs (Level 3) were used in determining value:

Fair value at October 1, 2014	\$ 20,948
Sale of Level 3 investments	-
Change in value of beneficial interest in the net assets of the Community Foundation of Sarasota County, Inc. for the year ended September 30, 2015	<u>(1,366)</u>
Level 3 value at September 30, 2015	<u>19,582</u>
Sale of Level 3 investments	-
Change in value of beneficial interest in the net assets of the Community Foundation of Sarasota County, Inc. for the year ended September 30, 2016	<u>386</u>
Level 3 value at September 30, 2016	<u>\$ 19,968</u>

The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

Note 16 – Evaluation of Subsequent Events:

Subsequent events have been evaluated through December 16, 2016, the date which the financial statements were available to be issued.

October 2016, subsequent to the end of the audit period but prior to the issuance of the audit report the Trustee of the charitable remainder unitrust concluded that no lingering issues remained regarding the administration of the Trust, or regarding the proposed Plan of Distribution and distributed to the Organization \$84,053. See Note 5 – Interest in Settlement Agreement for further details.