

CAPE CORAL CARING CENTER, INC.

**FINANCIAL STATEMENTS TOGETHER WITH
REPORT OF INDEPENDENT AUDITOR
Year ended September 30, 2019**

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American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Cape Coral Caring Center, Inc.
4645 Southeast 15th Avenue
Cape Coral, Florida 33904

Report on the Financial Statements

We have audited the accompanying financial statements of Cape Coral Caring Center, Inc. (a Florida not-for-profit corporation) (the "Center"), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses and cash flows for the year 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 Center'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

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expressing an opinion on the effectiveness of the Center'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 Cape Coral Caring Center, Inc. as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Matter of Emphasis - New Accounting Pronouncement

On August 18, 2016 FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Cape Coral Caring Center, Inc. has adjusted the presentation of these financial statements accordingly. Please refer to Note A.



TUSCAN & COMPANY, P.A.
Fort Myers, Florida
November 27, 2019

CAPE CORAL CARING CENTER, INC.
STATEMENT OF FINANCIAL POSITION
September 30, 2019

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ASSETS

CURRENT ASSETS	<u>Amount</u>
Cash and cash equivalents	\$ 266,485
Prepaid insurance	7,278
Food bank inventory	45,635
Gift certificate inventory	<u>2,555</u>
TOTAL CURRENT ASSETS	321,953
BENEFICIAL INTEREST IN ASSETS	81,339
PROPERTY AND EQUIPMENT, NET	<u>92,917</u>
TOTAL ASSETS	<u>\$ 496,209</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	<u>\$ 5,292</u>
TOTAL CURRENT LIABILITIES	5,292
COMMITMENTS AND CONTINGENCIES	<u>-</u>
TOTAL LIABILITIES	<u>5,292</u>
NET ASSETS	
Without donor restrictions	
Unrestricted	409,578
With donor restrictions	
Temporarily restricted	-
Permanently restricted	<u>81,339</u>
TOTAL NET ASSETS	<u>490,917</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 496,209</u>

The accompanying notes are an integral part of this statement.

CAPE CORAL CARING CENTER, INC.
STATEMENT OF ACTIVITIES
Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporarily Restricted	Permanently Restricted	
CHANGES IN NET ASSETS				
PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS				
Contributions	\$ 219,889	\$ -	\$ -	\$ 219,889
Contracts and grants	-	49,970	-	49,970
United Way	-	3,750	-	3,750
In-kind donations	359,414	-	-	359,414
Investment and other income (loss)	<u>56</u>	<u>-</u>	<u>(517)</u>	<u>(461)</u>
TOTAL PUBLIC SUPPORT AND REVENUES	579,359	53,720	(517)	632,562
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>53,720</u>	<u>(53,720)</u>	<u>-</u>	<u>-</u>
TOTAL PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS	<u>633,079</u>	<u>-</u>	<u>(517)</u>	<u>632,562</u>
EXPENSES				
Program services	558,931	-	-	558,931
General and administrative	50,589	-	-	50,589
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>609,520</u>	<u>-</u>	<u>-</u>	<u>609,520</u>
INCREASE (DECREASE) IN NET ASSETS	23,559	-	(517)	23,042
NET ASSETS, BEGINNING OF YEAR	<u>386,019</u>	<u>-</u>	<u>81,856</u>	<u>467,875</u>
NET ASSETS, END OF YEAR	<u>\$ 409,578</u>	<u>\$ -</u>	<u>\$ 81,339</u>	<u>\$ 490,917</u>

The accompanying notes are an integral part of this statement.

CAPE CORAL CARING CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2019

FUNCTIONAL EXPENSES	SUPPORTING SERVICES				Total Expenses
	Program Services	General and Admin.	Fund Raising	Total Supporting Services	
Compensation and related expenses					
Salaries	\$ 99,606	\$ 21,128	\$ -	\$ 21,128	\$ 120,734
Payroll taxes	7,654	1,624	-	1,624	9,278
	107,260	22,752	-	22,752	130,012
Accounting	3,450	3,450	-	3,450	6,900
Advertising and public relations	-	1,144	-	1,144	1,144
Computer and website	5,145	1,368	-	1,368	6,513
Depreciation	5,220	1,387	-	1,387	6,607
Dues and publications	-	884	-	884	884
Insurance	12,365	1,374	-	1,374	13,739
Licenses and taxes	-	867	-	867	867
Miscellaneous	-	4,412	-	4,412	4,412
Occupancy	379	101	-	101	480
Office supplies	-	6,831	-	6,831	6,831
Postage	-	637	-	637	637
Repairs and maintenance	1,271	338	-	338	1,609
Specific assistance	416,088	-	-	-	416,088
Telephone	2,639	701	-	701	3,340
Travel	-	2,983	-	2,983	2,983
Utilities	5,114	1,360	-	1,360	6,474
TOTAL EXPENSES	\$ 558,931	\$ 50,589	\$ -	\$ 50,589	\$ 609,520

The accompanying notes are an integral part of this statement.

CAPE CORAL CARING CENTER, INC.
STATEMENT OF CASH FLOWS
Year Ended September 30, 2019

	<u>Amount</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from grants, donors, and other operating activities	\$ 273,609
Cash paid to suppliers and employees	(228,897)
Interest/investment income received	<u>56</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	44,768
CASH FLOWS FROM INVESTING ACTIVITIES	-
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>
Net increase (decrease) in cash and cash equivalents	44,768
CASH AND CASH EQUIVALENTS - BEGINNING	<u>221,717</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 266,485</u></u>

The accompanying notes are an integral part of this statement.

**RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

	<u>Amount</u>
Increase (Decrease) in Net Assets	\$ 23,042
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used In) Operating Activities:	
Depreciation	6,607
(Increase) decrease in contract and grant receivables	-
(Increase) decrease in prepaid insurance	(223)
(Increase) decrease in food bank inventory - noncash	12,319
(Increase) decrease in gift certificate inventory - noncash	(2,310)
(Increase) decrease in beneficial interest - noncash	517
Increase (decrease) in accounts payable	<u>4,816</u>
TOTAL ADJUSTMENTS	<u>21,726</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 44,768</u>

NON-CASH TRANSACTIONS

Non-cash operating activities have been eliminated and include the following for the year ended September 30, 2019:

	<u>Support and Revenues</u>	<u>Expenses</u>
Donated gift card & food inventory	\$ 359,414	\$ -
Consumed donated food inventory & distributed gift cards	<u>-</u>	<u>395,163</u>
	<u>\$ 359,414</u>	<u>\$ 395,163</u>

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and description of activities

Cape Coral Caring Center, Inc. (the "Center") is a private, Florida not-for-profit corporation based in Southwest Florida. The Center was originally established on February 15, 1990 to assist Cape Coral, Florida residents and families in critical need to cope with a negative economic situation on a short term basis.

Mission Statement: To help sustain a suitable standard of living for all residents of Cape Coral.

Specifically, the Center's programs assist people by providing food, financial assistance with electric bills, utility bills and referral to other agencies. The goals of the Center are to:

- Assist individuals and families in a critical economic need on a short term basis.
- Maximize services to individuals and families.
- Minimize duplication of services by various agencies.
- Help maintain a suitable standard of living for all citizens of Cape Coral.

The Center's funding is generated through individual and corporate donations, bequests and grants.

The following is a summary of the significant accounting policies used in the preparation of these financial statements:

Basis of Accounting

The Center prepares its financial statements on the accrual basis of accounting. Grant revenues are recorded as support when performance occurs under the terms of the grant agreement. Grant revenue includes all resources received from another entity in accordance with an entitlement or grant document.

Financial statement presentation

The accounting and reporting policies of the Center conform to accounting principles generally accepted in the United States of America and are in accordance with the audit guide issued by the American Institute of Certified Public Accountants,

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Financial statement presentation, continued

Not-for-Profit Organizations and the accounting standards issued by the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC).

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its FASB ASC 958-225-45-1 (formerly Statement of Financial Accounting Standards (SFAS) No. 117), "Financial Statements of Not-for-Profit Centers". Under FASB ASC 958-225-45-1, the Center is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions (unrestricted) and net assets with donor restrictions (temporarily restricted and permanently restricted).

The Center reports its contributions in accordance with the Financial Accounting Standards Board (FASB) FASB ASC 958-310-20 (formerly Statement of Financial Accounting Standards (SFAS) No. 116), "Accounting for Contributions Received and Contributions Made". In accordance with FASB ASC 958-310-20, contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Under FASB ASC 958-310-20, such contributions are required to be reported as contributions with donor restrictions and are then reclassified to net assets without donor restrictions upon expiration of the time restriction or compliance with the purpose restriction.

Cash and cash equivalents

For the purpose of the Statement of Cash Flows, the Center considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Center's policy for cash and cash equivalents permits the use of depository accounts, repurchase agreements, and money market accounts.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments

The investment policy of the Center permits the investment of excess cash in certificates of deposits and various equity and fixed income investments. Investments are carried at cost, which approximates fair value. The Center, generally, has the ability and intends to hold these investments for the foreseeable future. Gains and losses are determined using the specific identification method when securities are sold or matured. Due to the type and nature of investments held, any gain or loss is reflected as investment income. Unrealized appreciation or depreciation of the investments is considered immaterial and therefore not reflected separately in the financial statements. Related investment fees are considered insignificant. The Center held no such investments at September 30, 2019.

Food bank inventory

The Center maintains an inventory of food items and consumable supplies to distribute to their clients. Many of the items are received through donations. The method used to determine the value of the inventory is to value the goods held at \$2 per pound.

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 1 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 straight-line and accelerated methods (which approximate straight-line) over their respective estimated lives as follows:

<u>Category</u>	<u>Useful Lives</u>
Equipment and vehicles	5 - 7 years
Furniture and fixtures	5 years
Buildings and improvements	39 years

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Contributions

In order to observe restrictions which donors place on grants and other gifts, as well as designations made by the Board of Directors, all assets, liabilities and activities are accounted for in the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions. and may be expended for any purpose in performing the primary objectives of the Center. These net assets may be used at the discretion of the Center's management and the Board of Directors. This classification included Board designated net assets.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions include:

Temporarily Restricted Net Assets - subject to donor-imposed stipulations that may be fulfilled by actions of the Center to meet the stipulations or become unrestricted at the date specified by the donor. The Center had no temporarily restricted net assets at September 30, 2019.

Permanently Restricted Net Assets - subject to donor-imposed stipulations that they be retained and invested permanently by the Center. The donors require the Center to use all or part of the investment return on these net assets for specified or unspecified purposes. It also includes beneficial interest of assets held by another Organization.

Impairment of fixed assets

The Center adheres to the Financial Accounting Standards Board (FASB) FASB ASC 958-360-50-2 (formerly Statement of Financial Accounting Standards (SFAS) No. 144), "Accounting for the Impairment or Disposal of Long-Lived Assets". FASB ASC 958-360-50-2 requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Impairment of fixed assets, continued

There was no effect on the Center's financial statements resulting from FASB ASC 958-360-50-2 for the year ended September 30, 2019.

Accrued compensated absences

No amounts have been recorded due to employees for the accrued compensated absences as employees are not entitled to such compensation in lieu of time off.

Revenue recognition

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Donor restricted contributions, whose restrictions are met in the same reporting period, are reported as unrestricted (net assets without donor restrictions) support.

Functional expenses

The cost of providing the various programs and other activities have been detailed in the Statement of Functional Expenses and summarized on a functional basis in the Statement of Activities. Expenses that can be identified with a specific program service are charged directly to that program, according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases. The Board annually approves the indirect cost allocation policy.

Compensated absences

Employees of the Center are entitled to paid vacation and sick leave if properly taken. However, employees are not entitled to receive accumulated vacation or sick leave upon termination from employment. Therefore, no accrued compensated absence liability is recorded at September 30, 2019.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income taxes

No provision for income tax expense has been made in the accompanying financial statements since the Center is exempt from income taxes under Internal Revenue Code Section 501(c)(3). In addition, the Center is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

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. The Center's informational returns (US Form 990), "Returns of Center Exempt from Income Tax," for the last three years are subject to examination by the IRS, generally for three years after they were filed.

Accounting for Uncertainty in Income Tax Items

The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes and the Center has adopted this guidance. The Center has evaluated its tax provision and any estimates utilized in its tax returns, and concluded that it has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expenses, if required.

Advertising costs

The Center's policy is to expense advertising costs when incurred.

Donated materials and services

A number of volunteers, including the Board of Directors, donate significant amounts of their time and expertise to the Center and its programs. No amounts have been recorded for donated services inasmuch as no objective basis is available to measure the value of such services.

The Center receives donated food items which are inventoried (food bank inventory) and distributed (donated) by the Center to the clients served by the Center. The Center records donated food items as revenue and inventory when received.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Concentration of credit risk

The Center maintains its cash and cash equivalent balances at various financial institutions in deposit accounts, which at times may exceed federally insured limits. The Center has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Fair value of financial instruments

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

The Center's financial instruments consist of cash and cash equivalents, receivables, payables, and accrued liabilities. The Center estimates that the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying Statement of Financial Position due to their short term nature.

Management estimates

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

Subsequent events

Subsequent events have been evaluated through November 27, 2019, which is the date the financial statements were available to be issued.

NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at September 30, 2019:

	<u>Amount</u>
Depository account	\$ 155,647
Money market account	<u>110,838</u>
	<u>\$ 266,485</u>

The Center did not have any restricted cash as of September 30, 2019.

Concentration of credit risk

The Center maintains its cash and cash equivalents in financial institutions. These assets are Federally insured (FDIC) up to \$250,000 per financial institution but may at times exceed the FDIC coverage amount. The bank balance of \$246,128 as of September 30, 2019, held in the Center's depository account and money market account were fully insured by FDIC.

NOTE C - ENDOWMENT FUND

In March 1999, the Center entered into agreements with two (2) local foundations (unrelated to the Center) to create endowment funds for the benefit of the Center. The agreement with Southwest Florida Community Foundation was initially funded with \$25,000 from the Center and a matching contribution of \$5,000. The agreement with Cape Coral Community Foundation was initially funded with \$10,000 from the Center.

The endowment funds are recorded in the financial statements of Cape Coral Caring Center, Inc. as a beneficial interest. The assets of the agreement are the property of the respective community foundation, in accordance with the terms of the agreements and are not available for distribution to the Center. The assets of these funds are held for the benefit of the Center and the income from the fund is available to be distributed to the Center annually subject to the approval of the respective foundation's Board. Annual income from each agreement has, historically, been reinvested by the respective foundation at the direction of the Center. Once the annual income has been reinvested, it historically has then not been available for future distribution to the Center. The agreements also incur investment management costs. The endowment agreements permit additional endowment gifts to be contributed. During the year ended September 30, 2019, net investment gains

NOTE C - ENDOWMENT FUND, CONTINUED

(losses), net of investment management costs totaled \$(517). The total endowment funds held by the foundations for the benefit of the Center at September 30, 2019 were \$81,339 net of a distribution to the Center of \$1,316. The permanently restricted balance of the funds held by the foundations as of September 30, 2019 was as follows:

	<u>Amount</u>
Southwest Florida Community Foundation	\$ 31,637
Cape Coral Community Foundation	<u>49,702</u>
	<u>\$ 81,339</u>

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30, 2019:

	<u>Amount</u>
Land	\$ 24,000
Building	151,520
Building improvements	41,820
Equipment and vehicle	30,172
Furniture and equipment	<u>15,011</u>
	262,523
Less: accumulated depreciation	<u>(169,606)</u>
Property and Equipment, net	<u>\$ 92,917</u>

Depreciation expense for the year ended September 30, 2019 was \$6,607.

NOTE E - FAIR VALUE MEASUREMENTS

The following table presents the Center's fair value hierarchy for the assets measured at fair value in the accompanying Statement of Financial Position as of September 30, 2019, as well as changes in Level 3 inputs during the year ended September 30, 2019.

NOTE E - FAIR VALUE MEASUREMENTS, CONTINUED

	<u>September 30, 2018</u>			
	<u>Fair Value Measurements Using:</u>			
	<u>Fair Value</u>	<u>Level (1)</u>	<u>Level (2)</u>	<u>Level (3)</u>
Beneficial interest in assets held by community foundations	<u>\$ 81,339</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,339</u>

The Center adheres to the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10-50-1 through 820-10-50-8 (formerly Statement of Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements"). FASB ASC 820-10 established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level (1) inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level (2) inputs are from other than quoted market prices included in Level (1) that are observable for the asset or liability either directly or indirectly. These inputs include quoted market prices in active markets for similar assets. Level (3) inputs have the lowest priority and consist of 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. The Center uses appropriate valuation techniques based on the available inputs to measure fair value of its investments. When available, the Center measures fair value using Level (1) inputs because they generally provide the most reliable evidence of fair value. No Level (2) inputs were used by the Center.

In January 2010, the FASB issued ASU No. 2010-06, "Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements". This update provided amendments that require new disclosures of (a) transfers in and out of Levels (1) and (2) to include reasons for the transfers and (b) reconciliation for fair value measurements using significant unobservable inputs, Level (3), should be presented separately on a gross basis, rather than as one net number. This update also provided amendments that clarify existing disclosures such as the level of disaggregation for each class of assets and liabilities as well as disclosures about inputs and valuation techniques.

Level 1: Inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. An active market is a market in which transactions of the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

NOTE E - FAIR VALUE MEASUREMENTS, CONTINUED

Level 2: Classifications consist of equity and fixed income mutual funds where detailed holdings are available and the funds fair value could be determined based on market prices.

Level 3: Classifications consist of the following:

Beneficial interest in assets - has been valued, as a practical expedient, at the fair value of the Center's share of the two community foundations' investment pool as of the measurement date and includes, in some instances, a match provided by the community foundation. The community foundations value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the foundations, which includes private placements and other securities for which prices are not readily available, are determined by the management of the foundations and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The beneficial interest in assets held at the two community foundations are not redeemable by the Center as described in Note C.

The components of the net appreciation on investments, may include dividend and interest income, realized gains and losses, gain or loss on sale of contributed shares and market fluctuations associated with the underlying investments. Investment manager's fees and foundation fees are netted against these amounts.

Activity related to the beneficial interests consist of the following at September 30, 2019:

	<u>Amount</u>
Beginning balance	\$ 81,856
Contributions	-
Cash distribution received	(1,316)
Investment performance	1,726
Foundation fees	(1,225)
Investment manager's fees	<u>298</u>
Ending balance	<u>\$ 81,339</u>

Other assets and liabilities such as cash, receivables, prepaids as well as accounts payable and accrued expenses are recorded at cost which approximates fair value due to the short term nature of these assets and liabilities.

NOTE F - SCHEDULE AND RESTRICTION ON NET ASSETS

Net assets are available for the following purposes at September 30, 2019:

	<u>Amount</u>
Unrestricted net assets	
Undesignated by the Board	\$ 305,269
Designated by the Board- Building fund	<u>104,309</u>
	<u>\$ 409,578</u>
Permanently restricted net assets	
Restricted for:	
SWFL Community Foundation Endowment	\$ 31,637
Cape Coral Community Foundation Endowment	<u>49,702</u>
Total Permanently Restricted Net Assets	<u>81,339</u>
Total Net Assets	<u><u>\$ 490,917</u></u>

NOTE G - ECONOMIC DEPENDENCE

The Center's operations are substantially dependent on the receipt of support and revenue from donations and grantor agencies. Loss of these funds and/or large decreases in this type of funding would have a material effect on the financial position of the Center and a negative impact on overall operations. For the year ended September 30, 2019, approximately 100% of total support and revenue is attributable to funds received from donations and grantor agencies.

NOTE H - COMMITMENTS AND CONTINGENCIES

The Center is currently receiving and previously has received grants, contracts, and other third party funds which are subject to special compliance audits by the grantor and other third party agencies that provided these reimbursements. These audits may result in disallowed expense amounts.

Disallowed amounts, if any, constitute a contingent liability of the Center. Such liabilities are not reflected within the financial statements of the Center, as management does not believe any material contingent liabilities exist.

CAPE CORAL CARING CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019

NOTE I - LIQUIDITY

Financial assets available within one year of September 30, 2019 consisted of the following:

	<u>Amount</u>
Cash and cash equivalents, unrestricted	<u>\$ 266,485</u>
	266,485
Less amounts due within one year:	
Current liabilities	<u>(5,292)</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 261,193</u></u>