

THE GLADES INITIATIVE, INC

FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2018
TOGETHER WITH REPORT OF INDEPENDENT ACCOUNTANT

TABLE OF CONTENTS

	Pages
Report of Independent Auditor	1-2
Financial Statements:	
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expense.....	6
Notes to Financial Statements.....	7 – 10
Report Of Independent Accountant On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards.....	11-12

KATHLEEN M. SHAFER
CERTIFIED PUBLIC ACCOUNTANT
1850 FOREST HILL BLVD., SUITE 204
WEST PALM BEACH, FLORIDA 33406
TEL. (561) 963-1003 • FAX (877) 811-0643
Member of Florida Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Glades Initiative, Inc.
Belle Glade, Florida

Report on the Financial Statements

I have audited the financial statements of The Glades Initiative, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, cash flows and functional expenses 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 of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Glades Initiative, Inc. as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated January 29, 2019, on my consideration of the Organization's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering The Glades Initiative, Inc.'s internal control over financial reporting and compliance.



Kathleen M. Shafer, CPA
West Palm Beach, Florida
January 29, 2019

THE GLADES INITIATIVE, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2018
WITH COMPARATIVE TOTALS FROM 2017

	<u>FUNDS</u>		<u>2018</u> <u>TOTAL</u>	<u>2017</u> <u>TOTAL</u>
	<u>UNRESTRICTED</u>	<u>TEMPORARILY</u> <u>RESTRICTED</u>		
<u>ASSETS</u>				
Cash & Cash Equivalents	\$ 447,971	\$ 325,000	\$ 772,971	\$ 503,390
Certificates of Deposits	105,360	0	105,360	105,350
Grants & Other Receivable	38,500	47,127	85,627	189,064
Prepaid Expenses	6,708	0	6,708	2,594
Security Deposits	1,500	0	1,500	1,500
Property & Equipment - Net	<u>438,163</u>	<u>0</u>	<u>438,163</u>	<u>7,798</u>
Total Assets	<u>\$ 1,038,202</u>	<u>\$ 372,127</u>	<u>\$ 1,410,329</u>	<u>\$ 809,696</u>
 <u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 7,500
Accrued Expenses	25,370	0	25,370	27,555
Notes Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>25,370</u>	<u>0</u>	<u>25,370</u>	<u>35,055</u>
 <u>NET ASSETS</u>	 <u>1,012,832</u>	 <u>372,127</u>	 <u>1,384,959</u>	 <u>774,641</u>
Total Liabilities & Net Assets	<u>\$ 1,038,202</u>	<u>\$ 372,127</u>	<u>\$ 1,410,329</u>	<u>\$ 809,696</u>

Read Accompanying Notes

THE GLADES INITIATIVE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018
WITH COMPARATIVE TOTALS FOR 2017

	FUNDS		2018	2017
	UNRESTRICTED	TEMPORARILY RESTRICTED		
SUPPORT & REVENUE				
Grants & Contributions	\$ 520,292	\$ 172,127	\$ 692,419	\$ 580,032
Donations	77,981	0	77,981	36,167
Donations - In-Kind	980,107	0	980,107	37,283
Program Service Fees	15,651	0	15,651	33,518
Interest Income	883	0	883	522
Other Revenues	838	0	838	7,093
Net Assets Released From Restriction	100,000	(100,000)	0	0
Total Revenue	1,695,752	72,127	1,767,879	694,615
EXPENSES				
Program Services	984,536	0	984,536	585,031
Support Services				
General & Administrative	103,582	0	103,582	37,191
Fund Raising	69,443	0	69,443	3,840
Total Support Services	173,025	0	173,025	41,031
Total Expenses	1,157,561	0	1,157,561	626,062
CHANGE IN NET ASSETS	538,191	72,127	610,318	68,553
TRANSFERS	0	0	0	0
BEGINNING NET ASSETS	474,641	300,000	774,641	706,088
ENDING NET ASSETS	\$ 1,012,832	\$ 372,127	\$ 1,384,959	\$ 774,641

Read Accompanying Notes

**THE GLADES INITIATIVE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
WITH COMPARATIVE TOTALS FROM 2017**

	<u>FUNDS</u>		2018	2017
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>		
Cash Flows From Operating				
Activities:				
Grants & Contributions Received	\$ 670,856	\$ 125,000	\$ 795,856	\$ 461,919
Donations	77,981	0	77,981	36,167
Program Service Fees	15,651	0	15,651	33,518
Interest Received	883	0	883	522
Other Income	838	0	838	7,093
Operating Expenses Paid	(621,618)	0	(621,618)	(581,579)
Net Assets Released From Restriction	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>	<u>0</u>
Net Cash Provided from Operating				
Activities:	<u>244,591</u>	<u>25,000</u>	<u>269,591</u>	<u>(42,360)</u>
Cash Flows From Investing				
Activities:				
Purchase of Equipment	0	0	0	(11,197)
Cash Flows From Financing				
Activities:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Provided from Investing & Financing Activities:	<u>0</u>	<u>0</u>	<u>0</u>	<u>(11,197)</u>
Net Change In Cash, Equivalents, & CDs	244,591	25,000	269,591	(53,557)
Cash At Beginning of Year	<u>308,740</u>	<u>300,000</u>	<u>608,740</u>	<u>662,297</u>
Cash, Equivalents, & CDs At End of Year	<u>\$ 553,331</u>	<u>\$ 325,000</u>	<u>\$ 878,331</u>	<u>\$ 608,740</u>

Read Accompanying Notes

THE GLADES INITIATIVE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018
WITH COMPARATIVE TOTALS FOR 2017

<u>EXPENSES</u>	<u>Program Services</u>	<u>General & Admin</u>	<u>Fund Raising</u>	<u>Total 2018</u>	<u>Total 2017</u>
Awards & Gifts	\$ 3,885	\$ 0	\$ 0	\$ 3,885	\$ 3,525
Back Ground Checks	17,084	0	0	17,084	27,802
Communications	4,646	871	290	5,807	5,445
Depreciation	3,371	0	0	3,371	8,399
Insurance	3,947	438	0	4,385	2,493
Maintenance	4,839	538	0	5,377	2,566
Office & Supplies	5,214	579	0	5,793	9,641
Outside Services	7,615	11,402	0	19,017	21,135
Payroll & Payroll Expenses	346,158	28,447	10,403	385,008	356,798
Program Supplies	106,561	0	0	106,561	93,353
Rent	34,200	1,800	0	36,000	36,000
Other	2,723	303	0	3,026	6,669
Travel & Conference	6,787	0	0	6,787	7,789
Utilities	8,635	454	0	9,089	7,164
Total Eeexpense before In-Kind	<u>555,665</u>	<u>44,832</u>	<u>10,693</u>	<u>611,190</u>	<u>588,779</u>
Marketing - In-kind	117,500	58,750	58,750	235,000	0
Legal - In-kind	29,806	0	0	29,806	13,000
Program Supplies - In-Kind	<u>281,565</u>	<u>0</u>	<u>0</u>	<u>281,565</u>	<u>24,283</u>
Total In-Kind Expense	<u>428,871</u>	<u>58,750</u>	<u>58,750</u>	<u>546,371</u>	<u>37,283</u>
Total Expenses	<u>\$ 984,536</u>	<u>\$ 103,582</u>	<u>\$ 69,443</u>	<u>\$ 1,157,561</u>	<u>\$ 626,062</u>

Read Accompanying Notes

THE GLADES INITIATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

1. General Description of Activities and Significant Accounting Policies:

The Glades Initiative, Inc. is a nonprofit corporation organized as of October 1, 2003. The office is currently located at 141 SE Avenue C, Belle Glade, Florida 33430.

The specific and primary purposes for which The Glades Initiative, Inc. is formed are to operate for the furtherance of the common good and general welfare of the Glades communities, and for other charitable purposes, by the distribution of its funds and services. The particular goals and objectives are: 1) to develop/provide a primary central source or system of coordinating the needs of the community with resources of particular government agencies, charitable foundations or groups, community organizations, and religious entities and 2) to develop, maintain, and foster collaborative relationships to collectively address community needs.

The significant accounting policies that follow are presented to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting and in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, Not for Profit Entities.

Net assets, revenue, gains and losses are classified as temporarily restricted, permanently restricted, or unrestricted based on the existence or absence, respectively, of contractual, grantor or donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

- Unrestricted net assets: Net assets available for the support of the Organization's operations. The unrestricted net assets may be used at the discretion of the Organization's management and the Board of Directors.
- Temporarily restricted net assets: Net assets subject to donor imposed stipulations that may or will be met either by actions of the Organization or the passage of time.
- Permanently restricted net assets: Net assets subject to donor imposed stipulations to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the earnings on related investments for general or specific purposes. There were no permanently restricted net assets at September 30, 2018.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers cash on hand, demand deposits, and short-term investments with maturity of three months or less to be cash equivalents.

THE GLADES INITIATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

1. General Description of Activities and Significant Accounting Policies, con't:

Grant and Contract Receivable/Revenue

Contributions and grants, including unconditional promises to give, are recorded as revenue in the period the promise is received.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Organization with the terms of the grants or contracts.

Property and Equipment

The Organization capitalizes property and equipment over \$2,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty years.

Contributed Services

Amounts have been reflected in the financial statements for donated services of \$286,406. These amounts are reflected on the statement of functional expenses at the amounts listed below. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

• Marketing – In-Kind	\$235,000
• Legal – In-Kind	29,806
• Program Supplies – In-Kind	<u>21,600</u>
Total Donated Services	<u>\$286,406</u>

THE GLADES INITIATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

1. General Description of Activities and Significant Accounting Policies, con't:

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the three years ending 2016, 2017, and 2018 are subject to examination by the IRS, generally for three years after they are filed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Expenses

Expenses are allocated on a functional basis among its various programs and supporting services based on their proportionate share of total expenses as determined by management.

2. Restriction on Net Assets:

In the fiscal year ended September 30, 2018, temporarily restricted net assets were \$372,127, \$200,000 of which was temporarily restricted by the board as a reserve fund.

3. Promises to Give:

Management periodically reviews the grants and other receivable balances and provides an allowance for accounts which may be uncollectible. At September 30, 2018, management has determined that all receivables are collectible; accordingly, there is no allowance for uncollectible accounts.

4. Property & Equipment:

Building & Land	\$ 433,736
Computers & Equipment	14,330
Refrigeration Container	11,197
Furniture & Fixtures	<u>940</u>
	460,203
Accumulated Depreciation	<u>(22,040)</u>
	<u>\$ 438,163</u>

THE GLADES INITIATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

5. Donated Building

The Organization received a donated building from the American Red Cross National Headquarters. The estimated fair market value of the building is \$433,736 and is included in the in-kind donations on the statement of activities. The only contingency to the contribution is that the Organization lease back to the Red Cross a small office space in the building for a period of 10 years.

6. Concentration of Risk

The Organization is dependent on funding from state and local governments and various other contributors. The amount of contributions is dependent on the funds available and the budgets at the state and local levels. Lack of funding could have a significant detrimental effect on the continued operations of the Organization.

7. Compensated Absences:

As of September 30, 2018, accrued vacation wages totaled \$21,680.

8. Concentration of Credit Risk

Financial instruments that subject the Organization to concentration of credit risk include cash. The Organization maintains bank accounts at several banking institutions as a means of limiting their exposure to this risk.

9. In-Kind Contributions

In-kind contributions totaling consist of donated food, household items, and gifts for children are allocated to programs supplies.

10. Evaluation of Subsequent Events:

Subsequent events have been evaluated through January 29, 2019, which is the date the financial statements were available to be issued.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Directors
The Glades Initiative, Inc.
Belle Glade, Florida

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of The Glades Initiative, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated January 29, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered The Glades Initiative, Inc.'s internal control over financial reporting (internal control) to determine my audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Glades Initiative, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Glades Initiative, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read 'Kathleen M. Shafer'.

Kathleen M. Shafer, CPA
West Palm Beach, Florida
January 29, 2019