



**Financial Statements**

**Year Ended**

**June 30, 2018**

**Gargiulo Education Center, Inc.**  
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**June 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Gargiulo Education Center, Inc.  
1414 Rail Head Blvd  
Naples, FL 34110

### **Report on the financial statements**

We have audited the accompanying financial statements Gargiulo Education Center, Inc. which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, and cash flows for the year then ended.

### **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 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 judgement, 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 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 Gargiulo Education Center Inc'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.

Board of Directors  
Gargiulo Education Center, Inc

We believe that the audit evidence we have obtained is sufficient and appropriate to provide reasonable 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 Gargiulo Education Center, Inc. as of June 30, 2018, 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.

*Accounting on the Gulf, LLC*

Cape Coral, Florida  
August 3, 2018

**Gargiulo Education Center, Inc.**  
**Statement of Financial Position**  
**June 30, 2018**

**ASSETS**

Cash and cash equivalents	\$ 63,609
Investments	14,904
Property and equipment	821
Total Assets	<u>\$ 79,334</u>

**LIABILITIES AND NET ASSETS**

Liabilities	
Accrued liabilities	\$ 220
Total Liabilities	<u>220</u>
Net Assets	
Unrestricted	74,114
Permanently restricted	5,000
Total net assets	<u>79,114</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 79,334</u>
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*See Accompanying Notes to the Financial Statements.*

**Gargiulo Education Center, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**June 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenue</b>				
Contributions				
Individual	\$ 62,635	\$ 2,000	\$ 5,000	\$ 69,635
Foundation	10,382	-	-	10,382
Corporate	60,993	-	-	60,993
Grants	300	99,197	-	99,497
Other	(84)	-	-	(84)
Donations in-kind and contributed services	65,338	-	-	65,338
Net assets released from restrictions	101,197	(101,197)	-	-
<b>Total Revenue</b>	<u>300,761</u>	<u>-</u>	<u>5,000</u>	<u>305,761</u>
<b>Expenses</b>				
Program Services				
General and administrative	121,750	-	-	121,750
Building and occupancy	34,231	-	-	34,231
Personnel cost	69,524	-	-	69,524
<b>Total Program Services</b>	<u>225,505</u>	<u>-</u>	<u>-</u>	<u>225,505</u>
Supporting Services				
Management and General				
General and administrative	7,790	-	-	7,790
Building and occupancy	4,055	-	-	4,055
Personnel cost	10,471	-	-	10,471
<b>Total Management and General</b>	<u>22,316</u>	<u>-</u>	<u>-</u>	<u>22,316</u>
Fundraising				
General and administrative	3,082	-	-	3,082
Building and occupancy	2,013	-	-	2,013
Personnel cost	4,090	-	-	4,090
Fundraising	32	-	-	32
<b>Total Fundraising</b>	<u>9,217</u>	<u>-</u>	<u>-</u>	<u>9,217</u>
<b>Total Expenses</b>	<u>257,038</u>	<u>-</u>	<u>-</u>	<u>257,038</u>
<b>Change in Net Assets</b>	43,723	-	5,000	48,723
<b>Net Assets at beginning of year</b>	30,391	-	-	30,391
<b>Net Assets at end of year</b>	<u>\$ 74,114</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 79,114</u>

See Accompanying Notes to the Financial Statements.

**Gargiulo Education Center, Inc.**  
**Statement of Cash Flows**  
**June 30, 2018**

	<b>2018</b>
<b>OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ 48,723
Adjustments to Reconcile Change in Net Assets	
To Net Cash Provided by Operating Activities	
Non cash Adjustments	
Depreciation Expense	205
Non Cash Contributions - Donated Securities	(14,904)
Changes in Operating Assets and Liabilities	
Increase in Accrued Liabilities	220
Net Cash Provided by Operating Activities	34,244
<b>INVESTING ACTIVITIES</b>	
Purchase of Property and Equipment	(1,026)
Net Cash Used by Investing Activities	(1,026)
<b>Net Increase in Cash and cash Equivalents</b>	<b>33,218</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>30,391</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 63,609</b>

*See Accompanying Notes to the Financial Statements.*

**Gargiulo Education Center, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 1 NATURE OF ACTIVITIES**

Gargiulo Education Center, Inc. (the "Center") is a not for profit corporation established under the laws of the State of Florida. The Center is dedicated to helping local migrant students find self-fulfillment and success as healthy, educated and confident adults. The Center is supported primarily through grants and contributions from individual and corporate donors. The Center provides academic programming that complements the public-school curriculum, as well as a variety of enriching out-of-school content and activities.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting.

The Board of Directors has the responsibility of overseeing and protecting the endowment assets. Certain endowments and gifts contain restrictions that specify the use of income and/or principal. All distributions from the endowment fund continue to be made in accordance with the original donor restrictions and board designations and are accounted for in accordance with accounting principles generally accepted in the United States of America, adherence to Florida law and the Uniform Prudent Management of Institutional Funds Act (UPMIFA). All disbursements are made for the express purpose of furthering Gargiulo Education Center work throughout the community.

**Net Assets**

Net Assets have been recorded and reported as changes in unrestricted, temporarily restricted or permanently restricted net assets.

*Unrestricted* – Unrestricted net assets consist of resources that are available for use in carrying out the mission of Gargiulo Education Center and include those expendable resources that have been designated for special use by the Board of Directors.

*Temporarily restricted* – Temporarily restricted net assets represent those amounts that are donor restricted with respect to purpose or time. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of a restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

*Permanently restricted* – Permanently restricted net assets result from contributions with donor restrictions that mandate the original principal be invested in perpetuity. Permanently restricted net assets include beneficial interests in perpetual trusts held by third parties. The majority of the earnings from permanently restricted net assets are available for the general use of Gargiulo Education Center.

**Cash and Cash Equivalents**

The Center considers all highly liquid investments of operating cash with maturities of three months or less at date of purchase to be cash and cash equivalents. Cash and Cash equivalents include money market funds and deposit accounts and are stated at cost, which approximates fair market value.

**Gargiulo Education Center, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

At times, the amounts on deposit may be in excess of the FDIC insurance limit. The Center does not believe that it has a significant credit risk regarding its bank deposits.

**Investments**

Publicly traded investments are recorded at fair value determined on the basis of closing market prices or bid quotations. Net realized and unrealized gains and losses are reflected in operating activities. The endowment allocation is reflected under operating activities.

**Contributed Services and Materials**

Contributed services are reported as contributions if such services create or enhance non-financial assets or if they would have been purchased if not provided by contribution, require specialized skills and are provided by individuals possessing such specialized skills. Contributed services are recognized at their estimated fair values at the date of receipt with an equal offsetting amount in unrestricted functional expenses in the statement of activity, resulting in no net impact on the change in net assets during the year. Contributed services and materials recognized related to instructors, meals and academic supplies were \$65,338 for the year ended June 30, 2018.

A substantial number of unpaid volunteers have made significant contributions of their time in the furtherance of Gargiulo Education Center's activities. Such services do not meet the criteria for recognition as contributions; therefore, their value is not reflected in the accompanying financial statements.

**Buildings and Equipment, net**

Buildings and Equipment are recorded at the cost of acquisition, if purchased, or at fair value at the date of gift. Buildings and equipment are depreciated using the straight-line method over the estimated useful life of assets as follows:

Building and Building Improvements	39 Years
Office Furniture and Equipment	5 to 7 Years
Vehicles	5 Years

**Use of Estimates**

The Center prepares its financial statements using accounting principles generally accepted in the United States, which require management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

**Gargiulo Education Center, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

Revenue from exchange transactions, investment activities and other non-contribution related revenue are recognized as earned. Contributions are recognized as revenue when received and are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

**Income Taxes**

The Center is a not-for-profit organization exempt from federal and state 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.

**New Accounting Pronouncements**

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment return, and cash flows. The guidance replaces the three classes of net assets currently presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. ASU No. 2016-14 includes specific disclosure requirements intended to improve a financial statement user's ability to assess and entity's available financial resources, along with its management of liquidity and liquidity risk. The guidance requires a not-for-profit to present expenses by both their natural and functional classification in a single location in the financial statements. ASU No. 2016-14 is effective for Gargiulo Education Center, Inc. for 2018. Early adoption is permitted and entities are required to adopt the guidance retrospectively, but if comparative financial statements are presented, they have the option to omit certain information for any periods presented that are prior to the period of adoption.

**Subsequent Events**

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through August 3, 2018, the date the financial statements were available to be issued.

**NOTE 3 PROPERTY AND EQUIPMENT, NET**

Property and Equipment, net consisted of the following at June 30, 2018:

	Cost	Accumulated Depreciation	Net
Office Equipment	\$ 1,026	\$ (205)	\$ 821

Depreciation expense relating to property and equipment was \$205 for the year ended June 30, 2018.

**Gargiulo Education Center, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 4 INVESTMENTS**

At June 30, 2018, investments comprised the following:

	2018
Common Stock	\$ 14,904

For the year ended June 30, 2018, investment income consisted of the following:

	2018
Realized losses, net	\$ 148
Allocation of investment losses for current operations	(148)
Investment return in excess of amounts available for current operations	\$ -

Realized losses have been presented net of investment fees of \$7 for the year ended June 30, 2018.

**NOTE 5 NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2018
NCEF Grant	\$ 85,000
Full Steam Ahead	14,197
Community Foundation	2,000
	\$ 101,197

**NOTE 6 PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets are restricted as investments in perpetuity and include the beneficial interests in a perpetual endowment fund, with restrictions specified by donors and consisting of the following at June 30:

	2018
Endowment	\$ 5,000

The following table illustrates the purpose of the earnings of permanently restricted net assets at June 30:

	2018
Specific grant programs	\$ 5,000

**Gargiulo Education Center, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 7 ENDOWMENTS**

The Center's endowment consists of a single fund established for a matching contribution to help qualify for certain grant funding to support the program. The endowment consists of donor-restricted endowment funds. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

UPMIFA, as enacted by the state of Florida, applies to Gargiulo Education Center's donor-restricted endowment funds. As required by UPMIFA, Gargiulo Education Center accounts for endowment net assets by preserving the fair value of the original gift as of the date of the gift of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result, Gargiulo Education Center classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment and (3) 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 in accordance with donor stipulations.

Endowment net assets composition by type of fund as of June 30, 2018, consisted of

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ 9,904	\$ -	\$ 5,000	\$ 14,904

During the year ended June 30, 2018, Gargiulo Education Center had the following endowment-related activities:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ -	\$ -
Contributions received	10,052	-	5,000	15,052
Investment return				
Net appreciation (realized and unrealized)	(141)	-	-	(141)
Other changes				
Investment management fees	(7)	-	-	(7)
Endowment net assets, end of year	<u>\$ 9,904</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 14,904</u>

**Gargiulo Education Center, Inc.**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 8 FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs benefitted.

**NOTE 9 RELATED PARTIES**

One of the Board of Directors has a consulting agreement with the Center. Total consulting fees paid for the year ended June 30, 2018 were \$24,769.