

THE GLADES INITIATIVE, INC.

FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2022
TOGETHER WITH REPORT OF INDEPENDENT ACCOUNTANT

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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

Opinion

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, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Glades Initiative, Inc. as of September 30, 2022, 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.

Basis for Opinion

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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of The Glades Initiative, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my

opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Glades Initiative, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Glades Initiative, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 20, 2023, 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 solely 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 the effectiveness of The Glades Initiative, Inc.'s 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 20, 2023

THE GLADES INITIATIVE, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FROM 2021

	<u>FUNDS</u>		<u>2022</u>	<u>2021</u>
	<u>WITHOUT DONOR</u>	<u>WITH DONOR</u>		
	<u>RESTRICTIONS</u>	<u>RESTRICTIONS</u>	<u>TOTAL</u>	<u>TOTAL</u>
<u>ASSETS</u>				
Cash & Cash Equivalents	\$ 2,130,418	\$ 221,032	\$ 2,351,450	\$ 1,883,528
Certificates of Deposits	105,559	0	105,559	105,547
Grants & Other Receivable	24,324	33,000	57,324	36,875
Prepaid Expenses	13,457	0	13,457	13,132
Security Deposits	1,500	0	1,500	1,500
Property & Equipment - Net	<u>868,683</u>	<u>0</u>	<u>868,683</u>	<u>812,046</u>
Total Assets	<u>\$ 3,143,941</u>	<u>\$ 254,032</u>	<u>\$ 3,397,973</u>	<u>\$ 2,852,628</u>
 <u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Expenses	43,828	0	43,828	39,392
Notes Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>43,828</u>	<u>0</u>	<u>43,828</u>	<u>39,392</u>
 <u>NET ASSETS</u>	 <u>3,100,113</u>	 <u>254,032</u>	 <u>3,354,145</u>	 <u>2,813,236</u>
Total Liabilities & Net Assets	<u>\$ 3,143,941</u>	<u>\$ 254,032</u>	<u>\$ 3,397,973</u>	<u>\$ 2,852,628</u>

Read Accompanying Notes

**THE GLADES INITIATIVE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR 2021**

	FUNDS		2022	2021
	WITHOUT DONOR	WITH DONOR		
	<u>RESTRICTIONS</u>	<u>RESTRICTIONS</u>	<u>TOTAL</u>	<u>TOTAL</u>
SUPPORT & REVENUE				
Grants & Contributions	\$ 1,222,478	\$ 254,032	\$ 1,476,510	\$ 1,164,154
Donations	33,944	0	33,944	37,384
Donations - In-Kind	636,251	0	636,251	1,100,682
Program Service Fees	34,895	0	34,895	21,606
Interest Income	1,222	0	1,222	1,567
Other Revenues	0	0	0	83,495
Net Assets Released From Restriction	<u>253,597</u>	<u>(253,597)</u>	<u>0</u>	<u>0</u>
Total Revenue	<u>2,182,387</u>	<u>435</u>	<u>2,182,822</u>	<u>2,408,888</u>
EXPENSES				
Program Services	<u>1,545,186</u>	<u>0</u>	<u>1,545,186</u>	<u>1,939,516</u>
Support Services				
General & Administrative	74,864	0	74,864	66,285
Fund Raising	<u>21,863</u>	<u>0</u>	<u>21,863</u>	<u>20,843</u>
Total Support Services	<u>96,727</u>	<u>0</u>	<u>96,727</u>	<u>87,128</u>
Total Expenses	<u>1,641,913</u>	<u>0</u>	<u>1,641,913</u>	<u>2,026,644</u>
CHANGE IN NET ASSETS	540,474	435	540,909	382,244
TRANSFERS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
BEGINNING NET ASSETS	<u>2,559,639</u>	<u>253,597</u>	<u>2,813,236</u>	<u>2,430,992</u>
ENDING NET ASSETS	<u>\$ 3,100,113</u>	<u>\$ 254,032</u>	<u>\$ 3,354,145</u>	<u>\$ 2,813,236</u>

Read Accompanying Notes

THE GLADES INITIATIVE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FROM 2021

	<u>FUNDS</u>		<u>2022</u> <u>TOTAL</u>	<u>2021</u> <u>TOTAL</u>
	<u>WITHOUT DONOR</u> <u>RESTRICTIONS</u>	<u>WITH DONOR</u> <u>RESTRICTIONS</u>		
Cash Flows From Operating Activities:				
Change in Net Assets	\$ 540,474	\$ 435	540,909	382,244
Adjustment to Reconcile Increase/(Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities:				
Depreciation	32,832	0	32,832	29,097
Changes in Operating Assets and Liabilities:				
Grant & Other Receivables	(19,324)	(1,125)	(20,449)	148,678
Prepaid Expenses	(325)	0	(325)	(1,076)
Accounts Payable	0	0	0	(19,063)
Accrued Expenses	4,436	0	4,436	(8,518)
Net Cash Provided by (Used in) Operating Activities	558,093	(690)	557,403	531,362
Cash Flows From Investing Activities:				
Property Additions	(89,469)	0	(89,469)	(173,142)
Cash Flows From Financing Activities:				
	0	0	0	0
Net Change In Cash, Equivalents, & CDs	468,624	(690)	467,934	358,220
Cash At Beginning of Year	1,767,353	221,722	1,989,075	1,630,855
Cash, Equivalents, & CDs At End of Year	<u>\$ 2,235,977</u>	<u>\$ 221,032</u>	<u>\$ 2,457,009</u>	<u>\$ 1,989,075</u>

Read Accompanying Notes

THE GLADES INITIATIVE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE TOTALS FOR 2021

<u>EXPENSES</u>	<u>Program Services</u>	<u>General & Admin</u>	<u>Fund Raising</u>	<u>Total 2022</u>	<u>Total 2021</u>
Awards & Gifts	\$ 0	\$ 4,005	\$ 0	\$ 4,005	\$ 2,809
Back Ground Checks	25,836	0	0	25,836	15,081
Communications	4,959	930	310	6,199	6,372
Depreciation	29,549	3,283	0	32,832	29,097
Insurance	15,987	1,776	0	17,763	15,640
Maintenance	7,988	888	0	8,876	5,962
Office & Supplies	21,401	2,378	0	23,779	13,231
Outside Services	24,791	10,701	798	36,290	20,140
Payroll & Payroll Expenses	496,635	46,833	20,755	564,223	527,580
Program Expenses	256,339	0	0	256,339	231,002
Rent	0	0	0	0	27,500
Other	3,402	2,685	0	6,087	4,239
Travel & Conference	8,193	0	0	8,193	12,133
Utilities	14,478	762	0	15,240	15,176
Total Expense before In-Kind	<u>909,558</u>	<u>74,241</u>	<u>21,863</u>	<u>1,005,662</u>	<u>925,962</u>
Other - In-kind	5,609	623	0	6,232	4,980
Legal - In-kind	0	0	0	0	0
Program Expenses - In-Kind	<u>630,019</u>	<u>0</u>	<u>0</u>	<u>630,019</u>	<u>1,095,702</u>
Total In-Kind Expense	<u>635,628</u>	<u>623</u>	<u>0</u>	<u>636,251</u>	<u>1,100,682</u>
Total Expenses	<u>\$ 1,545,186</u>	<u>\$ 74,864</u>	<u>\$ 21,863</u>	<u>\$ 1,641,913</u>	<u>\$ 2,026,644</u>

Read Accompanying Notes

THE GLADES INITIATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

1. General Description of Activities and Significant Accounting Policies:

The Glades Initiative, Inc. is a nonprofit corporation organized as of June 7, 2002. The office is currently located at 149 SE Avenue D, 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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Promises to Give

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other 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.

The Organization uses the allowance method to determine uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

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 without donor restriction 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 with donor restriction 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 with donor restriction net assets to without donor restriction 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.

THE GLADES INITIATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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

Contributions

Contributions received are recorded as with donor restriction or without donor restriction net assets depending on the existence or nature of any donor restrictions.

Contributed Services

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.

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 2020, 2021, and 2022 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.

THE GLADES INITIATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

2. Restrictions on Net Assets:

As of September 30, 2022, the Organization had with donor restriction net assets of \$254,022 for program services. The Organization's board members have also restricted an additional \$200,000 as a reserve fund.

3. Revenue Recognition

The Organization recognizes revenue from grants and contracts when earned and other revenues and contributions when received.

4. Accounts Receivable:

Management periodically reviews the grants and accounts receivable balances and provides an allowance for accounts which may be uncollectible. At September 30, 2022, management has determined that all receivables are collectible; accordingly, there is no allowance for uncollectible accounts.

5. Property & Equipment:

Building & Land	\$ 896,734
Vehicles	50,000
Computers & Equipment	30,460
Refrigeration Container	24,707
Furniture & Fixtures	<u>940</u>
	1,002,841
Accumulated Depreciation	<u>(134,158)</u>
	<u>\$ 868,683</u>

6. Donated Building and Related Contingency

The Organization received a donated building from the American Red Cross National Headquarters in fiscal year ending September 30, 2018. The estimated fair market value of the building at time of donation was \$433,736 and is included in fixed assets on the statement of financial position. 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.

7. Concentration of Risk

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

THE GLADES INITIATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

8. Compensated Absences:

As of September 30, 2022, accrued vacation wages totaled \$26,643.

9. Concentration of Credit Risk

Financial instruments that subject the Organization to concentration of credit risk include cash. While the Organization attempts to limit its financial exposure by maintaining bank accounts at several banking institutions, its deposit balances may at times exceed federally insured limited.

10. In-Kind Contributions

In-kind contributions totaling \$636,251 consist of donated food, household items, gifts for children, equipment, software, and office supplies, which would otherwise have to be purchased, and are allocated to programs supplies and other expenses.

11. Retirement Plan:

The Organization sponsors a 401(k) plan administered by Oasis Outsourcing. The Organization participates in a contributing and matching plan for its employees. Employees are eligible to participate after one year of continuous employment. Eligible employees receive a 4% of salary employer contribution and an additional 2% matching contribution if the employee also contributes 2%.

12. Availability and Liquidity

Financial assets of cash \$2,351,450, CDs \$105,559, and account receivables \$57,324 for financial assets available of \$2,514,333 to meet expenses over next twelve months. As part of the Organization's liquidity management plan, the Organization structures its assets to be available as general expenditures, liabilities and other obligations become due.

13. Subsequent Events:

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home).

At this stage, the impact on the Organization and results has not been significant and based on our experience to date we expect this to remain the case. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people or our clients.

THE GLADES INITIATIVE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

14. Evaluation of Subsequent Events:

Subsequent events have been evaluated through January 20, 2023, which is the date the financial statements were issued.

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
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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, 2022, 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 20, 2023.

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) as a basis 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.



Kathleen M. Shafer, CPA
West Palm Beach, Florida
January 20, 2023