

**COMMUNITY COOPERATIVE, INC.**

**FINANCIAL STATEMENTS TOGETHER WITH  
REPORT OF INDEPENDENT AUDITOR**

**Year Ended  
December 31, 2016**

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**TUSCAN**  
& Company, PA

**Certified Public Accountants & Consultants**

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Community Cooperative, Inc.  
3429 Dr. Martin Luther King Jr. Blvd.  
P.O. Box 2143  
Fort Myers, FL 33902-2143

**Report on the Financial Statements**

We have audited the accompanying financial statements of Community Cooperative, Inc. (a Florida not-for-profit corporation) ("Community Cooperative"), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**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 Community Cooperative'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 Community Cooperative'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

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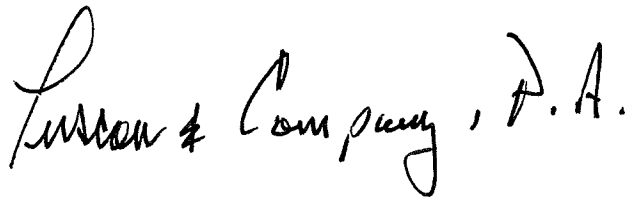
Board of Directors  
Community Cooperative, Inc.  
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statements.

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 Community Cooperative, Inc. as of December 31, 2016, 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.

A handwritten signature in cursive script that reads "Tuscany & Company, P.A." The signature is written in black ink and is positioned above the printed name of the firm.

TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
May 1, 2017

**COMMUNITY COOPERATIVE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2016**

<b>ASSETS</b>	<u>Amount</u>
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 191,547
Investments - unrestricted	63,387
Investments - restricted	26,027
Accounts receivable	33,167
Grants receivable	41,339
Pledges receivable	500
Prepaid expenses	8,114
Inventory	<u>67,948</u>
TOTAL CURRENT ASSETS	432,029
<b>DEPOSITS</b>	785
<b>BENEFICAL INTEREST</b>	66,393
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>814,024</u>
TOTAL ASSETS	<u>\$ 1,313,231</u>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 27,532
Accrued expenses	37,333
Line of credit	<u>89,000</u>
TOTAL CURRENT LIABILITIES	153,865
<b>COMMITMENTS AND CONTINGENCIES</b>	<u>-</u>
TOTAL LIABILITIES	<u>153,865</u>
 <b>NET ASSETS</b>	
Unrestricted	1,066,946
Temporarily restricted	26,027
Permanently restricted	<u>66,393</u>
TOTAL NET ASSETS	<u>1,159,366</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,313,231</u>

The accompanying notes are an integral part of this statement.

**COMMUNITY COOPERATIVE, INC.**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>CHANGES IN NET ASSETS</b>				
<b>PUBLIC SUPPORT AND REVENUES</b>				
Special Events	\$ 519,944	\$ -	\$ -	\$ 519,944
Less: direct costs	(109,261)	-	-	(109,261)
Net proceeds from special events	410,683	-	-	410,683
United Way	-	290,000	-	290,000
Government grants and contracts	-	161,783	-	161,783
Contributions and other grants	478,981	253,247	-	732,228
Donated goods and services	762,975	-	-	762,975
Meal delivery (MOW)	165,936	-	-	165,936
National School Lunch Program	104,505	-	-	104,505
Miscellaneous	16,509	-	-	16,509
Interest & net investment income (loss)	2,587	-	3,076	5,663
<b>TOTAL SUPPORT AND REVENUES</b>	<b>1,942,176</b>	<b>705,030</b>	<b>3,076</b>	<b>2,650,282</b>
Net assets released from restrictions:				
Satisfaction of program restrictions	717,600	(712,605)	(4,995)	-
<b>TOTAL PUBLIC SUPPORT, REVENUES     AND RECLASSIFICATIONS</b>	<b>2,659,776</b>	<b>(7,575)</b>	<b>(1,919)</b>	<b>2,650,282</b>
<b>EXPENSES</b>				
Program services	2,065,792	-	-	2,065,792
General and administrative	236,102	-	-	236,102
Fundraising	120,374	-	-	120,374
<b>TOTAL EXPENSES</b>	<b>2,422,268</b>	<b>-</b>	<b>-</b>	<b>2,422,268</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>237,508</b>	<b>(7,575)</b>	<b>(1,919)</b>	<b>228,014</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>829,438</b>	<b>33,602</b>	<b>68,312</b>	<b>931,352</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,066,946</b>	<b>\$ 26,027</b>	<b>\$ 66,393</b>	<b>\$ 1,159,366</b>

The accompanying notes are an integral part of this statement.

**COMMUNITY COOPERATIVE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended December 31, 2016**

	Program Services				Total Program Services
	Food Services	Meals on Wheels	Social Services	Volunteer Services	
Salaries/labor	\$ 176,365	\$ 208,846	\$ 220,901	\$ 44,583	\$ 650,695
Taxes and benefits	22,706	29,055	29,698	7,296	88,755
Total salaries and related expenses	199,071	237,901	250,599	51,879	739,450
Auto	4,403	3,872	26	-	8,301
Bad debts	-	4,562	-	-	4,562
Bank and merchant service fees	-	607	-	-	607
Board development	-	-	-	-	-
Computer and communications	17,554	18,610	32,326	4,428	72,918
Conferences and travel	-	1,683	-	-	1,683
Depreciation	19,097	20,102	34,173	5,025	78,397
Dues and subscriptions	183	83	1,024	-	1,290
Food	829,680	65,206	-	-	894,886
Program supplies	25,855	30,610	4,026	34	60,525
Insurance	12,577	13,240	22,507	3,310	51,634
Legal and professional	4,384	4,919	10,526	1,224	21,053
Licenses and fees	638	486	60	-	1,184
Loan interest (LOC)	-	-	-	-	-
Office supplies	623	703	1,915	776	4,017
Postage and shipping	55	1,901	-	-	1,956
Printing and publications	237	3,414	502	32	4,185
Public relations & advertising	-	-	-	-	-
Rent	6,384	1,763	8,515	441	17,103
Repairs and maintenance	14,358	3,555	5,839	203	23,955
Telephone	739	1,674	3,741	194	6,348
Utilities	15,350	15,372	13,918	1,478	46,118
Utility assistance	-	-	20,000	-	20,000
Volunteer	-	2,093	-	3,488	5,581
Miscellaneous	-	39	-	-	39
Total expenses	\$ 1,151,188	\$ 432,395	\$ 409,697	\$ 72,512	\$ 2,065,792

<u>Supporting Services</u>			
<u>General and</u>		<u>Total</u>	
<u>Administrative</u>	<u>Fundraising</u>	<u>Supporting</u>	<u>Total</u>
		<u>Services</u>	
\$ 134,552	\$ 71,360	\$ 205,912	\$ 856,607
17,149	7,809	24,958	113,713
151,701	79,169	230,870	970,320
-	-	-	8,301
-	3,000	3,000	7,562
1,213	4,247	5,460	6,067
63	-	63	63
13,696	7,288	20,984	93,902
260	1,283	1,543	3,226
14,070	8,041	22,111	100,508
746	1,095	1,841	3,131
-	-	-	894,886
-	2,614	2,614	63,139
9,268	5,295	14,563	66,197
6,853	2,216	9,069	30,122
3,215	-	3,215	4,399
5,319	-	5,319	5,319
4,438	777	5,215	9,232
894	482	1,376	3,332
3,035	613	3,648	7,833
262	140	402	402
1,336	705	2,041	19,144
3,731	325	4,056	28,011
544	311	855	7,203
5,658	2,773	8,431	54,549
-	-	-	20,000
-	-	-	5,581
9,800	-	9,800	9,839
<u>\$ 236,102</u>	<u>\$ 120,374</u>	<u>\$ 356,476</u>	<u>\$ 2,422,268</u>



**COMMUNITY COOPERATIVE, INC.**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2016**

	<u>Amount</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from donors and other operating activities	\$ 1,955,312
Cash paid to suppliers and employees	(1,705,616)
Interest received	2,587
Interest paid	<u>(5,319)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>246,964</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sale of equipment	6,325
Purchases of property and equipment	<u>(59,448)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(53,123)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from line of credit	-
Principal payments on line of credit	<u>(81,000)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(81,000)
Net increase in cash and cash equivalents	112,841
CASH AND CASH EQUIVALENTS - BEGINNING	<u>78,706</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 191,547</u></u>

The accompanying notes are an integral part of this statement.

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

	<u>Amount</u>
Increase in Net Assets	\$ 228,014
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	100,508
Donated fixed assets	(4,383)
Gain on disposition of property and equipment	(1,988)
Net realized/unrealized gain on investments	(6,939)
Net realized loss on annuity	8,710
Distribution received from endowment	4,995
Unrealized loss on endowment, net of investment and expenses	(3,076)
(Increase) decrease in inventory, net	8,839
(Increase) decrease in accounts receivable, net	(16,446)
(Increase) decrease in grants receivable	(31,128)
(Increase) decrease in pledges receivable	9,270
(Increase) decrease in prepaid expenses	11
Increase (decrease) in accounts payable	(56,600)
Increase (decrease) in accrued expenses	<u>7,177</u>
TOTAL ADJUSTMENTS	<u>18,950</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 246,964</u>

**NON-CASH TRANSACTIONS**

Non-cash operating activities have been eliminated and include the following for the year ended December 31, 2016:

	<u>Support and Revenues</u>	<u>Expenses</u>
Donated rent	\$ 10,056	\$ 10,056
Donated fixed assets	4,383	-
Donated food inventory	684,638	-
Consumed donated food inventory	-	693,477
Donated professional services	<u>63,898</u>	<u>63,898</u>
	<u>\$ 762,975</u>	<u>\$ 767,431</u>

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and description of activities**

Community Cooperative, Inc. (the "Organization") (CCI) was incorporated in February 1985 under the laws of Florida as a not-for-profit corporation named Community Cooperative Ministries, Inc. (CCMI), to operate a soup kitchen for those in need and to provide material needs and basic social services to the citizens of Lee County.

Effective June 30, 2006, the Organization merged with Meals on Wheels of Lee County, Florida, Inc. ("MOW") and Faith in Action Caring for the Elderly of Southwest Florida, Inc. ("FIA"). Articles of Merger were filed with the State of Florida on June 26, 2006.

During 2014, Community Cooperative, Inc. agreed to absorb the operations of "God's Table" of Fort Myers Beach from an unrelated third party not-for-profit organization. God's Table is a program designed to assist the homeless and needy on Fort Myers Beach. Services include breakfast, lunch, showers, clothing, blankets, personal care items, canned food, haircuts and food stamp assistance.

Effective April 2014, Community Cooperative Ministries, Inc. (CCMI) changed its official name to Community Cooperative, Inc. (Community Cooperative) (CCI).

Community Cooperative utilizes food and food related services as a first-line method to accomplish its mission but also as a means through which to introduce its clients to the array of other services available to those clients. Those other services are provided by CCI or other community based organizations or governments.

Community Cooperative currently operates the "Everyday Café" (formerly the soup kitchen), food pantry in Fort Myers and an on-site location on Fort Myers Beach. CCI also prepares and distributes food to homebound residents and school children and provides social services to the needy throughout Lee County.

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

**Organization and description of activities, continued**

Specifically, CCI operates the following programs:

**Food Services:** CCI provides an on-site café (Café) for those in-need. The Café (formerly the Soup Kitchen) incorporated a new café setting and food delivery method. CCI has café locations in Fort Myers and Fort Myers Beach. Marketplace - CCI offers food pantry services as well as ready-to-eat meals and cooking demonstrations. CCI also offers mobile food pantries.

**Meals on Wheels:** The Meals on Wheels Home Delivered Meal Program delivers meals to Lee County residents who are elderly, ill or disabled and are unable to shop or prepare their own food. This service provides daily nutrition and contact for homebound residents regardless of their ability to pay.

**Social and Educational Services:** On-site and referral resources for job training, housing, mental health, substance abuse, child-care, education, financial well-being, health and wellness, and life coaching are available. CCI also provides assistance with Medicaid and SNAP applications as well as providing basic needs such as clothing, hygiene products and mail services for their homeless clients.

United Way House in Fort Myers - CCI provides comprehensive case management to those in-need.

**Volunteer Services:** This department continually recruits and organizes volunteers for all CCI programs. CCI relies on approximately 2,300 volunteers annually to deliver services to all of the programs. Volunteers provide food delivery to homebound elderly customers, guiding customers in collecting take home food for families, preparing, serving, hosting and cleaning up the kitchen in the cafés. Other volunteer duties include assessing customers for services and needs including preparing applications, in addition to typing, mailing and answering phones.

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

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

**Basis of accounting**

The accounting and reporting policies of CCI 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, "Not-for-Profit Organizations" under the provisions for Voluntary Health and Welfare Organizations and the accounting standards issued by the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC).

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

**Financial statement presentation**

The financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-225-45-1 (formerly Statement of Financial Accounting Standards (SFAS) No. 117), "Financial Statements of Not-for-Profit Organizations". Under FASB ASC 958-225-45-1, CCI is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

CCI reports its contributions in accordance with FASB ASC 958-605-50-1 (formerly SFAS No. 116) "Accounting for Contributions Received and Contributions Made". In accordance with FASB ASC 958-605-50-1, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under FASB ASC 958-605-50-1, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction or compliance with the purpose restriction.

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

**Cash and cash equivalents**

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

**Investments**

Investments are generally carried at fair value. Marketable securities are carried at fair value. The Organization has the ability to 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 mature. Due to the type and nature of investments held, any related gain or loss is reflected as investment income. Unrealized appreciation or depreciation of the investments is considered immaterial and therefore not separately reflected in the financial statements. Related investment fees are considered insignificant.

**Fair value of financial investments**

CCI adheres to FASB ASC 820-10-50-1 through 820-10-50-8 (formerly SFAS No. 157), "Fair Value Measurements". This Standard applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. This Standard emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. This Standard establishes a fair value hierarchy which consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics or discounted cash flows.

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

**Fair value of financial investments, continued**

Level 3 - Inputs that are 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.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**Accounts receivable - Meals on Wheels**

Accounts receivable consist of billings due from individuals for Meals on Wheels. The Organization uses the direct write-off method of accounting for uncollectible accounts. At December 31, 2016, all receivables are considered by management to be fully collectible.

**Property and equipment**

The Organization's policy is to capitalize assets with a cost of \$1,000 or more and a useful life greater than one (1) year. Property and equipment is recorded at cost, except for donated items (used in operations of the Organization) which are recorded at fair market value as of the date received. Assets are depreciated using the straight-line method over their respective estimated lives, as follows:

<u>Fixed Asset Category</u>	<u>Useful Lives</u>
Building and improvements	5-39 years
Furniture and equipment	3-10 years
Vehicles	5-7 years

**Advertising costs**

The Organization's policy is to expense advertising costs as such costs are incurred.

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

**Inventory**

The Organization maintains an inventory of food items and consumable supplies for the soup kitchen, food pantry, and food service distribution. Many of the items are received through donations. The method used to determine the value of the inventory is based on the cost and/or estimated price per pound using the rate established by Feeding America of \$1.67 per pound.

**Compensated absences**

No amounts have been accrued or recorded for time accrued (vacation and sick) by employees as the Organization's policies do not provide for compensation of such time upon termination of the employee.

**Impairment of fixed assets**

The Organization adheres to FASB ASC 360-10-50-2 (formerly SFAS No. 144), "Accounting for the Impairment or Disposal of Long-Lived Assets." FASB ASC 360-10-50-2 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.

There was no effect on the Organization's financial statements resulting from FASB ASC 360-10-50-2 for the year ended December 31, 2016.

**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:

**Unrestricted Net Assets** - not subject to donor-imposed restrictions.

Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

**Temporarily Restricted Net Assets** - subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations or become unrestricted at the date specified by the donor.



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

**Contributions, continued**

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

**Donated services**

A number of volunteers, including the Board of Directors, have donated significant amounts of their time and expertise to the Organization's programs and supporting services. No amount has been reflected in the financial statements for these donated services, inasmuch as no objective basis is available to measure the value of such services except donated professional services.

**Donated goods and rent**

Certain amounts for donated food have been reflected as donated goods revenue and expense on the Statement of Activities when consumed or distributed. Donated food held in inventory is recorded when donated at its estimated cost per pound, which approximates fair value.

The Organization receives donated office space. Donated rent (office space) is recorded at market value and is reflected as donated revenue and rent expense in an equal amount.

**Revenue recognition**

All grantor-restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Donor restricted contributions, whose restrictions are met in the same reporting period, are reported as unrestricted support.

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

**Functional expenses**

The cost of providing the various programs and other activities has 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.

**Income taxes**

No provision for income tax expense has been made in the accompanying financial statements since the Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3). In addition, the Organization 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. Management believes the Organization met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax. The Organization's income tax returns for the past three years are open and subject to examination by tax authorities, and may change upon examination. The Organization 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.

**Accounting for Uncertainty in Income Tax Items**

The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes and the Organization has adopted this guidance. The Organization 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.

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

**Management estimates**

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

**Subsequent events**

Subsequent events have been evaluated through May 1, 2017, 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 December 31, 2016:

	<u>Amount</u>
Depository accounts	\$ 127,949
Money market accounts	63,098
Petty cash	<u>500</u>
	<u>\$ 191,547</u>

**Concentration of credit risk**

The Organization maintains its cash and cash equivalent balances at several financial institutions which, at times, may exceed federally insured limits. The cash and cash equivalents are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2016, the Organization's bank balances were fully insured by the FDIC. The Organization has not experienced any economic losses on such accounts. The Organization believes it is not exposed to any significant credit risk regarding its cash balances.

**NOTE C - INVESTMENTS**

Investments consist of the following at December 31, 2016:

	<u>Cost</u>	<u>Fair Value</u>
Money market accounts	\$ 22,675	\$ 22,805
Fixed income securities	67,146	66,609
	<u>\$ 89,821</u>	<u>\$ 89,414</u>

Investments are recorded at fair value, as reflected on the Statement of Financial Position as of December 31, 2016 and are restricted in the amount of \$26,027.

The Organization's investment policy allows management to invest in available investment vehicles to maximize income. Management has also attempted to minimize risk while working to achieve maximum investment returns.

In accordance with FASB ASC 820, the Organization uses fair value measurements to record adjustments to certain assets. FASB ASC 820 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." The Codification also sets out a fair value hierarchy ranking the levels of the inputs used as assumptions in the valuation techniques used to value an asset or liability. The fair value hierarchy gives the highest priority to quoted prices in an active market for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of hierarchy are described as follows:

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.

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 of similar assets or liabilities in active markets, quoted market prices for identical or similar assets or liabilities in markets that are not active, and pricing models developed principally from inputs from or corroborated by observable market data by correlation or other means.

**NOTE C - INVESTMENTS, CONTINUED**

Level 3 - inputs are unobservable and allowed in situations where there is little, if any, market activity for the asset or liability at measurement date. These inputs reflect the reporting entity's own assumptions about assumptions that would be used by market participants.

The Organization uses fair value measurements to record adjustments to its investments and to determine fair value disclosures.

The following table presents the fair value hierarchy for the Organization's assets measured at fair value as of December 31, 2016:

	Fair Value Measurements Using:			
	Fair Value	Level 1	Level 2	Level 3
Beneficial interest in assets				
held at community foundation	\$ 66,393	\$ -	\$ -	\$ 66,393
Investments				
Money market accounts	22,805	-	22,805	-
Fixed income securities:				
Treasury and federal agencies	-	-	-	-
State and municipal	-	-	-	-
Nongovernment obligations	-	-	-	-
Foreign obligations	-	-	-	-
Pooled fixed income funds	66,609	-	66,609	-
	<u>66,609</u>	<u>-</u>	<u>66,609</u>	<u>-</u>
	<u>\$ 155,807</u>	<u>\$ -</u>	<u>\$ 89,414</u>	<u>\$ 66,393</u>

Level 1: CCI had no such items at December 31, 2016.

Level 2: Classifications consist of commingled funds where detailed holdings were available and the funds fair value could be determined based on market prices, such as money markets and certain other bond funds. It also included specific investments in rated fixed income securities.

Level 3: Classifications consist of the following:

**NOTE C - INVESTMENTS, CONTINUED**

Beneficial interest in assets - has been valued, as a practical expedient, at the fair value of the Organization's share of the Community Foundation's investment pool as of the measurement date and includes, in some instances, a match provided by the Community Foundation. The Community Foundation values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the Foundation, which includes private placements and other securities for which prices are not readily available, are determined by the management of the Foundation 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 Community Foundation are not redeemable by the Organization as described in Note J.

Net investment loss on the beneficial interest in assets for the year ended December 31, 2016 was \$1,919 which included cash distributions of \$4,995. 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 interest consists of the following for the year ended December 31, 2016:

	<u>Amount</u>
Beginning Balance	\$ 68,312
Contributions	-
Cash Distribution to CCI	(4,995)
Investment Performance	4,577
Foundation Fees	(1,309)
Investment Manager's Fees	(192)
Ending Balance	<u>\$ 66,393</u>

**NOTE C - INVESTMENTS, CONTINUED**

**Financial instruments not measured at fair value**

Financial instruments not measured at fair value include cash and cash equivalents, receivables, inventory, prepaid expenses, deposits, accounts payable, accrued expenses and the line of credit. The carrying amounts of these items approximates fair value due to the short term nature of the financial instruments.

**Fixed income investments**

The investment policy allows investment in fixed income securities. These fixed income securities comprise 74% of the Organization's investments.

At December 31, 2016, the credit ratings of the fixed income investments are reflected below:

	2016	
	Fair Value	Percentage of MV of Total Investments
Rating of fixed income securities		
AA+	\$ -	0.00%
AA-	-	0.00%
A+	-	0.00%
A	-	0.00%
A-	-	0.00%
BBB+	-	0.00%
Not rated*	66,609	74.00%
Total fixed income securities	\$ 66,609	74.00%

\* Although the pooled fixed income fund is not officially rated the bonds held within the fund are rated A-B.

NOTE C - INVESTMENTS, CONTINUED

**Investment risk**

Credit risk is the risk that a portfolio will lose value as a result of a real or perceived change in the ability of a issuer to repay its debts. To reduce this risk, the investment policy limits investments in fixed income securities to those rated within the highest three classifications. Market risk is the risk that due to many factors including but not limited to global, national and local economic factors these investments can and may lose principal. In addition, the Organization has employed qualified investment managers who specialize in investments within certain asset classes. Management believes this diversification will reduce the risk of loss of principal and preserve the Organization's assets.

**Interest rate risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in market interest rates. As a means of limiting its exposure to interest rate risk, the Organization diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the Organization's fixed income investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Organization's investment by maturity at December 31, 2016:

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>			
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>
Treasury and federal agency bonds	\$ -	\$ -	\$ -	\$ -
State and municipal bonds	-	-	-	-
Nongovernment obligations	-	-	-	-
Foreign obligations	-	-	-	-
Pooled fixed income funds	66,609	66,609	-	-
	<u>\$ 66,609</u>	<u>\$ 66,609</u>	<u>\$ -</u>	<u>\$ -</u>



**NOTE C - INVESTMENTS, CONTINUED**

**Custodial credit risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Organization will not be able to recover the value of its investment or collateral securities (loss of principal) that are in the possession of an outside party. To date the Organization has experienced no such loss.

The Organization's investments are maintained at a financial institution and are managed by a third party investment manager. The investments are held either in the Organization's name or that of the financial institution. The investments are registered and uninsured.

There were no losses during the fiscal year due to default by counterparties to investment transactions.

**Foreign currency risk**

Foreign currency risk is the risk that fluctuations in the currency exchange rate may affect transactions conducted in currencies other than US Dollars and the carrying value of foreign investments. The Organization's potential exposure to foreign currency risk derives mainly from investments in international fixed income funds. The Organization did not own international fixed income funds at December 31, 2016 and therefore, has little exposure to foreign currency risk related to international finance corporations fixed income funds.

**NOTE D - GRANTS RECEIVABLE**

Grants receivable consist of the following at December 31, 2016:

	<u>Amount</u>
Lee County Department of Human Services - MOW	\$ 15,169
Lee County Department of Human Services - CDBG	1,170
Foulds Foundation	25,000
Emergency Food and Shelter Program (FEMA)	-
	<u>\$ 41,339</u>

The management of Community Cooperative, Inc. believes the grants receivable to be fully collectible. Therefore, no allowance for doubtful accounts has been recorded.

**NOTE E - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31, 2016:

	<u>Amount</u>
Land	\$ 97,696
Building and improvements	1,074,171
Furniture and equipment	217,205
Vehicles	<u>114,549</u>
Property and equipment	1,503,621
Less: accumulated depreciation	<u>(689,597)</u>
Property and equipment, net	<u><u>\$ 814,024</u></u>

Depreciation expense for the year ended December 31, 2016 was \$100,508 and is allocated between program services and general and administrative expenses.

**NOTE F - LINE OF CREDIT**

CCI has a \$170,000 one year revolving line of credit (LOC) dated October 23, 2016, with a financial institution, with interest payable monthly at .25% below the lender's prime rate. At December 31, 2016, the interest rate was 3.50%. The LOC is collateralized by the investment account and is due on demand. The outstanding balance on the LOC at December 31, 2016 was \$89,000 and is due in full on October 23, 2017. The LOC was paid in full in March 2017.

Interest expenses incurred for the year ended December 31, 2016 was \$5,319.

**COMMUNITY COOPERATIVE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE G - NET ASSETS**

Net assets consisted of the following at December 31, 2016:

	<u>Amount</u>
Unrestricted:	
Unrestricted - undesignated	\$ 1,066,946
Unrestricted - designated - operating reserves	<u>-</u>
	<u>1,066,946</u>
Temporarily restricted:	
City of Fort Myers (CASP)	2,418
Lowes Garden Grant	13,422
Lee County Homeless Coalition	3,690
Cape Coral Community Foundation	4,533
Meals on Wheels Association of America	<u>1,964</u>
	<u>26,027</u>
Permanently restricted:	
SWFL Community Foundation Endowment (Note J)	<u>66,393</u>
Total Net Assets	<u><u>\$ 1,159,366</u></u>

At December 31, 2016, the Organization had net assets of \$26,027 which were temporarily restricted for specific purposes as required by the respective contract, and/or donor/grantor. The temporarily restricted net assets are offset by restricted investments.

At December 31, 2016, the Organization had net assets of \$66,393 which were permanently restricted for specific purposes as required by the respective contract, and/or donor/grantor and offset by a beneficial interest.

Designations of net assets are voluntary segregations of unrestricted net assets for specific purposes, projects or investments by the Board of Directors and may be amended at anytime by the Board of Directors. At December 31, 2016, CCI had no designated assets.

**NOTE H - GOVERNMENT GRANTS AND CONTRACTS REVENUE**

Government grants and contracts revenue consist of the following at December 31, 2016:

	<u>Amount</u>
Lee County Department of Human Services	\$ 69,083
Lee County Homeless Coalition	5,000
City of Cape Coral (CDBG)	20,000
Emergency Food and Shelter Program (FEMA)	61,000
City of Fort Myers (CASP)	6,700
	<u>\$ 161,783</u>

**NOTE I - ENDOWMENT FUND**

On April 5, 1994, Community Cooperative entered into an agreement with a local foundation (an unrelated organization) to create an endowment fund for the benefit of Community Cooperative. The agreement called for a \$5,000 contribution by Community Cooperative to the local foundation that was matched by the local foundation, creating a total endowment of \$10,000.

The endowment fund is recorded in the financial statements of Community Cooperative as a beneficial interest. In accordance with the terms of the agreement these funds are the property of the foundation and not Community Cooperative and are not available for distribution to Community Cooperative. The assets of the agreement are held for the benefit of Community Cooperative and a portion of the income from the fund is available to be distributed to Community Cooperative annually subject to the approval of the foundation's Board of Directors. Annual income from the agreement has, historically, been reinvested by the respective Foundation at the direction of Community Cooperative. Once the annual income was reinvested, it historically was not available for future distribution to Community Cooperative. The agreement also incurs investment management costs. The endowment fund agreement permits additional endowment gifts to be contributed. During the year ended December 31, 2016, net investment gains, net of investment management costs were \$3,076. Community Cooperative received a distribution of \$4,955. The total endowment held by the foundation for the benefit of Community Cooperative at December 31, 2016 was \$66,393 which was recorded by Community Cooperative as of December 31, 2016.

**NOTE J - RELATED PARTY TRANSACTIONS**

During the year ended December 31, 2016, contributions and grants included \$9,970 from members of the Board.

As of December 31, 2016, the Organization held \$217,756 (carrying amount) in banks and an investment company in which members of the Board held management positions.

The Organization's LOC is also held through an entity in which a Board member is employed.

**NOTE K - IN-KIND CONTRIBUTIONS**

During the year ending December 31, 2016, the Organization also recorded \$762,975 (including donated office space of \$10,056) of donated goods and professional services contributions consisting substantially of donated and discounted food.

In addition, volunteers contributed approximately 45,080 hours of service valued at \$995,366 (\$22.08/hr) and drove approximately 247,788 miles valued at \$34,690 (\$.14/mile) on behalf of the Organization. These amounts are not recorded as revenue or expense for the year ended December 31, 2016.

**NOTE L - ECONOMIC DEPENDENCE**

The operations of the Community Cooperative, Inc. is dependent on the receipt of support and revenue from grantor agencies and fundraising events. Loss of these funds and/or large decreases in these types of funding would have a material effect on the Organization and a negative impact on overall operations. For the year ended December 31, 2016, the Organization received approximately 19% of its support from two major fundraising events and approximately 11% of its support from United Way.

**NOTE M - COMMITMENTS AND CONTINGENCIES**

The Organization 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 provide these reimbursements. These audits may result in disallowed expense amounts.

Disallowed amounts, if any, constitute a contingent liability of the Organization. Accordingly, such liabilities are not reflected within the financial statements of the Organization, as management does not believe any contingent liabilities that may exist to be material.

**NOTE N - LITIGATION**

The Organization is involved from time to time in routine litigation, the substance of which would not materially affect its financial position, due to third party insurance coverage and/or federal tort limits. The Organization is not in a position at December 31, 2016 to predict a final outcome of such lawsuits or claims, or the related costs involved. The Organization intends to vigorously contest all claims unless first settled. Management is not aware of any asserted claims at December 31, 2016.

**NOTE O - UNITED WAY CONTRIBUTIONS**

The Lee County United Way provided Community Cooperative with grants of \$290,000 for the year ended December 31, 2016.



**TUSCAN**  
& Company, PA

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Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

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**INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT**

Board of Directors  
Community Cooperative, Inc.  
3429 Dr. Martin Luther King Jr. Blvd.  
P.O. Box 2143  
Fort Myers, Florida 33902-2143

In planning and performing our audit of the financial statements of Community Cooperative, Inc. (the "Organization") as of and for the year ended December 31, 2016, we considered Community Cooperative, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion of the effectiveness of Community Cooperative, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Community Cooperative, Inc.'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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

In connection with our audit, we are, therefore, submitting for your review and consideration, items noted during the audit and recommendations that are designed to help Community Cooperative, Inc. make improvements and achieve operational efficiencies. Our comments reflect our desire to be of continuing assistance to Community Cooperative, Inc.

INTEGRITY ..... SERVICE ..... EXPERIENCE

12621 World Plaza Lane, Building 55 • Fort Myers, FL 33907 • Phone: (239) 333-2090 • Fax: (239) 333-2097

**PRIOR YEAR COMMENTS:**

There were no financially significant prior year comments.

**CURRENT YEAR COMMENTS:**

There were no financially significant comments noted.

We would like to express our appreciation for the opportunity to serve and assist Community Cooperative, Inc. Your staff and management were very helpful and assisted us well. We would be pleased to further discuss and assist in the implementation of these recommendations.

This report is intended solely for the information and use of the Board, the Finance Committee, management, Federal and State awarding agencies, pass-through entities, the Auditor General for the State of Florida and other Federal and State audit agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.

*Tuscan & Company, P.A.*

TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
May 1, 2017