

COMMUNITY COOPERATIVE, INC.

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

**Year Ended
December 31, 2020**

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& 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
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, 2020, 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 statements.

INTEGRITY SERVICE EXPERIENCE

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Board of Directors
Community Cooperative, Inc.
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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, 2020, 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 black ink that reads "Tuscán & Company, P.A." The signature is written in a cursive, flowing style.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
May 14, 2021

COMMUNITY COOPERATIVE, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2020

ASSETS	<u>Amount</u>
CURRENT ASSETS	
Cash and cash equivalents, (including restricted cash of \$7,500)	\$ 1,724,398
Investments - without donor restrictions	177,720
Investments - with donor restrictions	325,289
Accounts receivable	34,560
Grants receivable	26,442
Pledges receivable	28,166
Prepaid expenses	19,969
Inventory - food	<u>162,581</u>
TOTAL CURRENT ASSETS	2,499,125
DEPOSITS	785
BENEFICIAL INTEREST - WITH DONOR RESTRICTIONS	83,516
PROPERTY AND EQUIPMENT, NET	<u>1,262,020</u>
TOTAL ASSETS	<u>\$ 3,845,446</u>
 LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 109,192
Accrued expenses	20,419
Unearned revenue	7,500
Long-term debt, current portion	<u>28,317</u>
TOTAL CURRENT LIABILITIES	165,428
 LONG-TERM LIABILITIES	
Long-term debt, net of current portion	<u>-</u>
TOTAL LONG-TERM LIABILITIES	-
 COMMITMENTS AND CONTINGENCIES	
TOTAL LIABILITIES	<u>-</u>
 NET ASSETS	
Without donor restrictions	3,271,213
With donor restrictions	<u>408,805</u>
TOTAL NET ASSETS	<u>3,680,018</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,845,446</u>

The accompanying notes are an integral part of this statement.

COMMUNITY COOPERATIVE, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGES IN NET ASSETS			
PUBLIC SUPPORT AND REVENUES			
Special Events	\$ 1,018,784	\$ -	\$ 1,018,784
Less: direct costs	<u>(65,058)</u>	<u>-</u>	<u>(65,058)</u>
Net proceeds from special events	953,726	-	953,726
United Way	-	396,000	396,000
Government grants and contracts	-	86,780	86,780
COVID Government grants and contracts	-	502,671	502,671
Contributions and other grants	1,349,513	258,573	1,608,086
Donated goods and services	2,195,851	-	2,195,851
Meal delivery (MOW)	230,628	-	230,628
National School Lunch Program	225,983	-	225,983
Miscellaneous, including PPP loan	234,931	-	234,931
Interest & net investment income (loss)	<u>38,727</u>	<u>16,435</u>	<u>55,162</u>
TOTAL PUBLIC SUPPORT AND REVENUES	5,229,359	1,260,459	6,489,818
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>1,103,119</u>	<u>(1,103,119)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS	<u>6,332,478</u>	<u>157,340</u>	<u>6,489,818</u>
EXPENSES			
Program services	4,525,899	-	4,525,899
General and administrative	227,386	-	227,386
Fundraising	<u>149,366</u>	<u>-</u>	<u>149,366</u>
TOTAL EXPENSES	<u>4,902,651</u>	<u>-</u>	<u>4,902,651</u>
INCREASE (DECREASE) IN NET ASSETS	1,429,827	157,340	1,587,167
NET ASSETS, BEGINNING OF YEAR	<u>1,841,386</u>	<u>251,465</u>	<u>2,092,851</u>
NET ASSETS, END OF YEAR	<u>\$ 3,271,213</u>	<u>\$ 408,805</u>	<u>\$ 3,680,018</u>

The accompanying notes are an integral part of this statement.

COMMUNITY COOPERATIVE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	Program Services				Total Program Services
	Food Services	Meals on Wheels	Social Services	Volunteer Services	
Salaries/labor	\$ 334,588	\$ 227,219	\$ 296,889	\$ 82,974	\$ 941,670
Taxes and benefits	45,032	30,487	42,836	12,613	130,968
Total salaries and related expenses	379,620	257,706	339,725	95,587	1,072,638
Auto	15,201	744	-	-	15,945
Bad debts	-	4,194	-	-	4,194
Bank and merchant service fees	-	-	-	-	-
Computer and communications	25,022	16,328	23,185	15,047	79,582
Conferences and travel	474	-	-	-	474
Depreciation	45,683	31,505	42,532	12,602	132,322
Dues and subscriptions	502	918	346	-	1,766
Food	2,674,307	106,661	-	-	2,780,968
Program supplies	66,223	49,695	4,868	4,581	125,367
Insurance	24,063	16,595	22,403	6,638	69,699
Legal and professional	8,139	5,515	7,232	2,114	23,000
Licenses and fees	830	570	586	77	2,063
Loan interest	-	-	-	-	-
Office supplies	1,996	1,805	5,200	525	9,526
Postage and shipping	10,712	1,751	-	-	12,463
Printing and publications	3,558	1,389	728	482	6,157
Public relations & advertising	130	350	100	-	580
Rent	2,670	1,841	2,604	737	7,852
Repairs and maintenance	20,195	5,273	5,497	1,344	32,309
Telephone	583	1,096	1,086	161	2,926
Utilities	22,583	14,726	15,416	4,272	56,997
Direct assistance	-	-	84,555	-	84,555
Volunteer	-	-	-	4,067	4,067
Miscellaneous	449	-	-	-	449
Total expenses	\$ 3,302,940	\$ 518,662	\$ 556,063	\$ 148,234	\$ 4,525,899

The accompanying notes are an integral part of this statement.

<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>	
\$ 125,382	\$ 70,560	\$ 195,942	\$ 1,137,612
13,296	7,819	21,115	152,083
138,678	78,379	217,057	1,289,695
445	171	616	16,561
-	-	-	4,194
15,011	-	15,011	15,011
7,359	6,173	13,532	93,114
485	1,345	1,830	2,304
15,753	9,452	25,205	157,527
504	2,072	2,576	4,342
-	-	-	2,780,968
-	7,459	7,459	132,826
8,297	4,979	13,276	82,975
9,138	3,613	12,751	35,751
841	156	997	3,060
1,618	-	1,618	1,618
7,830	1,378	9,208	18,734
2,304	712	3,016	15,479
6,544	1,342	7,886	14,043
10	27,250	27,260	27,840
1,068	552	1,620	9,472
5,938	1,008	6,946	39,255
201	121	322	3,248
5,339	3,204	8,543	65,540
-	-	-	84,555
-	-	-	4,067
23	-	23	472
<u>\$ 227,386</u>	<u>\$ 149,366</u>	<u>\$ 376,752</u>	<u>\$ 4,902,651</u>

The accompanying notes are an integral part of this statement.

COMMUNITY COOPERATIVE, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2020

	<u>Amount</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from donors and other operating activities	\$ 4,095,534
Cash paid to suppliers and employees	(2,694,636)
Interest received	1,068
Interest paid	<u>(1,618)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>1,400,348</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Contribution to Beneficial Interest - Bonita Springs MOW	(11,451)
Contribution to endowment	(25,257)
Purchases of investments	(18,828)
Proceeds from sale of equipment	5,000
Purchases of property and equipment	<u>(176,604)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(227,140)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from loans payable - PPP Loan	221,705
Principal payments on loans payable - vehicle loans	<u>(27,402)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	194,303
Net increase in cash and cash equivalents	1,367,511
CASH AND CASH EQUIVALENTS - BEGINNING	<u>356,887</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 1,724,398</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	\$ 1,587,167
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	157,527
Forgiveness of the PPP Loan	(221,705)
Gain on disposition of property and equipment	(3,506)
Net realized/unrealized (gain) loss on investments	(20,454)
Net realized/unrealized (gain) loss on endowment	(11,126)
Distribution received from endowment - beneficial interest	2,689
Unrealized gain on endowment, net of investment and expenses	(7,672)
(Increase) decrease in accounts receivable, net	35,850
(Increase) decrease in grants receivable	(14,089)
(Increase) decrease in pledges receivable	(8,416)
(Increase) decrease in prepaid expenses	(10,279)
(Increase) decrease in food inventory, net	(81,789)
Increase (decrease) in accounts payable	44,814
Increase (decrease) in accrued expenses	(36,163)
Increase (decrease) in unearned revenue	<u>(12,500)</u>
TOTAL ADJUSTMENTS	<u>(186,819)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 1,400,348</u>

NON-CASH TRANSACTIONS

Non-cash operating activities have been eliminated and include the following for the year ended December 31, 2020:

	<u>Support and Revenues</u>	<u>Expenses</u>
Donated food inventory	\$ 2,155,209	\$ -
Consumed donated food inventory	-	2,073,419
Donated professional services	40,642	40,642
	<u>\$ 2,195,851</u>	<u>\$ 2,114,061</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 and assumed the operations of 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 was a program designed to assist the homeless and needy on Fort Myers Beach.

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

Effective March 1, 2020, the Organization merged with and assumed the operations of Meals on Wheels of Bonita Springs (MOW). Articles of merger were filed with the State of Florida on March 1, 2020.

Community Cooperative utilizes food and food related services as a gateway 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 referred to other community based organizations or government agencies.

Specifically, CCI operates the following programs:

Food Services:

The Community Café, which has locations in Fort Myers and Fort Myers Beach, provides a hot, freshly prepared meal, six days per week to anyone in the community who is in need of food. There is no charge to eat in the cafes throughout Lee County.

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

Organization and description of activities, continued

The Community Market is a sustainable, client choice model for long-term hunger elimination that provides a choice and reduces food waste. The market provides customers an opportunity to shop the shelves for food, which includes fresh produce, meats, and dairy.

The Mobile Food Pantry takes the Community Market on the road to areas in Lee County that have been deemed food deserts. The majority of the residents in these neighborhoods live below the federal poverty level and have little to no transportation.

Meals on Wheels is a home delivered meal program that 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 seniors regardless of their ability to pay.

Social and Educational Services: Often referred to as the United Way House, provides 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. CCI also provides assistance with Medicaid and SNAP applications as well as providing basic needs such as clothing, hygiene products, mail services, and comprehensive case management.

Volunteer Services: This department continually recruits and organizes volunteers for all programs. CCI relies on more than 3,000 volunteers annually to work in every department of the organization.

Growing Healthy Kids (part of volunteer services) includes Food Literacy in Preschool and Healthy School Lunch programs.

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" 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) 958-205-55-21 (formerly Statement of Financial Accounting Standards (SFAS) No. 117), "Financial Statements of Not-for-Profit Organizations". Under FASB ASC 958-205-55-21, CCI is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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 without donor restrictions (unrestricted) or with donor restrictions (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 contributions with donor restriction and are then reclassified to net assets without donor restrictions 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 and Prepared Meal Sales

Accounts receivable consist of billings due from individuals for Meals on Wheels and prepared meal sales. The Organization uses the direct write-off method of accounting for uncollectible accounts. At December 31, 2020, 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 \$2,500 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 \$1.74 per pound using the first in - first out basis.

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, 2020.

Contributions

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

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

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

Contributions, continued

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

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

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 goods and services

A number of volunteers, including the Board of Directors, have donated significant amounts of their time and expertise to Community Cooperative's programs and supporting services. As such, an amount of \$40,642 has been reflected in the financial statements for these donated goods and services. The amount was determined based upon vendor invoices submitted.

Donated goods

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.

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

Revenue recognition

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

Functional expenses

The cost of providing the various programs and other activities 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. The Board of Directors routinely approves the method of allocating expenses.

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.

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

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.

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 14, 2021, which is the date the financial statements were available to be issued.

COMMUNITY COOPERATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at December 31, 2020:

	<u>Amount</u>
Depository accounts	\$ 1,196,998
Money market accounts	526,900
Petty cash	<u>500</u>
	<u>\$ 1,724,398</u>

Cash and cash equivalents include restricted cash of \$7,500 equal to unearned revenue at December 31, 2020.

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, 2020, the Organization's bank balances were categorized by risk as follows:

	<u>Bank Balance</u>
Amount covered by Federal Depository Insurance	\$ 375,487
Amount uninsured	<u>1,280,959</u>
	<u>\$ 1,656,446</u>

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, 2020:

	<u>Cost</u>	<u>Fair Value</u>
Equities	\$ 280,700	\$ 299,034
Money market accounts	23,194	23,197
Fixed income securities	<u>180,000</u>	<u>180,778</u>
	<u>\$ 483,894</u>	<u>\$ 503,009</u>

NOTE C - INVESTMENTS, CONTINUED

Investments are recorded at fair value, as reflected on the Statement of Financial Position as of December 31, 2020 and are restricted in the amount of \$325,289 and unrestricted of \$177,720 that includes a Board designated amount of \$100,000. Certain investments are held by a financial institution in a money market fund. The fund at year end recorded a rate of return of 1.18%. The fund is not subject to FDIC coverage.

The Organization has adopted an investment policy including the requirements of the related FUPMIFA Florida Statutes Section 617.2104. 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. Investments consist of two components: the beneficial interest held by a community foundation and an internal investment, a portion of which is restricted as an endowment. The Board's intent is to continue to develop the endowment. As such, it has elected to invest the endowment along with certain unrestricted funds in various investment vehicles. This was done to minimize risk and fees.

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, 2020:

	Fair Value Measurements Using:			
	Fair Value	Level 1	Level 2	Level 3
Beneficial interest in assets				
held at community foundation	\$ 83,516	\$ -	\$ -	\$ 83,516
Investments:				
Money market accounts	23,197	-	23,197	-
Equities - mutual funds	299,034	299,034	-	-
Fixed Income securities:				
Pooled fixed income funds	180,778	-	180,778	-
	<u>\$ 586,525</u>	<u>\$ 299,034</u>	<u>\$ 203,975</u>	<u>\$ 83,516</u>

Level 1: Includes equity mutual funds.

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:

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

NOTE C - INVESTMENTS, CONTINUED

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 gain on the beneficial interest in assets for the year ended December 31, 2020 was \$4,983 which included cash distributions of \$2,689. 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.

The addition to the beneficial interest resulted from the merger of the Bonita Springs Meals on Wheels beneficial interest being held with the same foundation as Community Cooperative.

Activity related to the beneficial interest consists of the following for the year ended December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning Balance	\$ -	\$ 67,082	\$ 67,082
Additions	-	11,451	11,451
Cash Distribution to CCI	-	(2,689)	(2,689)
Investment Performance	-	9,278	9,278
Foundation Fees	-	(1,421)	(1,421)
Investment Manager's Fees	-	(185)	(185)
Ending Balance	<u>\$ -</u>	<u>\$ 83,516</u>	<u>\$ 83,516</u>

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, loans and the line of credit. The carrying amounts of these items approximates fair value due to the short term nature of the financial instruments.

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. The policy calls for not more than 20% of equities in one company nor more than 25% in one sector. It also calls for not more than 20% in fixed income in one issuer. 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.

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 internal 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.

NOTE C - INVESTMENTS, CONTINUED

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 equities and fixed income funds in the amount of \$52,153. The Organization did own international fixed income funds at December 31, 2020 and therefore, has exposure to foreign currency risk related to international finance corporations fixed income funds.

Fixed income investments

The investment policy allows investment in fixed income securities. These fixed income securities comprise 36% of the Organization's investments.

At December 31, 2020, the credit ratings of the fixed income investments are reflected below:

	2020	
	Fair Value	Percentage of MV of Fixed Income Securities
Rating of fixed income securities		
AAA	\$ 77,873	43.15%
AA	9,590	5.31%
A	20,998	11.64%
BBB	22,869	12.67%
BB	9,566	5.30%
B	7,379	4.09%
Not rated*	32,195	17.84%
Total fixed income securities	<u>\$ 180,470</u>	<u>100.00%</u>

* Although the pooled fixed income fund is not officially rated the bonds held within the fund are rated A-AAA. Duration periods are not readily available.

COMMUNITY COOPERATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE C - INVESTMENTS, CONTINUED

Fixed income investments, continued

The investment policy states targeted investment allocations as follows:

<u>Asset Class</u>	<u>Range</u>	<u>Target Allocation</u>	<u>Actual 2020 Allocation</u>	<u>Actual %</u>
Equities	45-75%	60%	\$ 299,034	59%
Domestic	25-65%	50%	246,881	49%
International	0-25%	10%	52,153	10%
Fixed Income	25-55%	40%	180,778	36%
Investment Grade	25-40%	37%	180,778	36%
High Yield	0-7%	3%	-	0%
Cash and Equivalent	0-5%	0%	23,197	5%
			<u>\$ 503,009</u>	<u>100%</u>

NOTE D - GRANTS RECEIVABLE

Grants receivable consist of the following at December 31, 2020:

	<u>Amount</u>
City of Cape Coral - CDBG	\$ 6,442
Foulds Foundation	20,000
	<u>\$ 26,442</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, 2020:

	<u>Amount</u>
Land	\$ 97,696
Building and improvements	1,506,697
Furniture and equipment	368,737
Vehicles	250,821
Work in process	37,036
Property and equipment	<u>2,260,987</u>
Less: accumulated depreciation	(998,967)
Property and equipment, net	<u>\$ 1,262,020</u>

COMMUNITY COOPERATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE E - PROPERTY AND EQUIPMENT, CONTINUED

Depreciation expense for the year ended December 31, 2020 was \$157,527, 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, 2020, with a financial institution, with interest payable monthly at .25 % below the lender's prime rate. The LOC has an interest rate floor of 2.75%. At December 31, 2020, the interest rate was 3.00%. The LOC is collateralized by the investment account and is due on demand. During the year ended December 31, 2020, CCI borrowed no funds on the LOC. The outstanding balance on the LOC at December 31, 2020 was \$0 and is due in full on October 23, 2021.

LOC interest expense incurred for the year ended December 31, 2020 was \$0.

NOTE G - LONG-TERM LIABILITIES

Long-term debt consists of the following obligations at December 31, 2020:

	<u>Amount</u>
\$41,682 loan payable monthly, for 36 months to a financial institution in the amount of \$1,185 including fixed interest at 1.49% to finance the purchase of a vehicle. The loan is collateralized by the respective vehicle. Final payment is due December 27, 2021.	\$ 14,103
\$40,391 loan payable monthly, for 36 months to a financial institution in the amount of \$1,229 including fixed interest at 5.99% to finance the purchase of a vehicle. The loan is collateralized by the respective vehicle. Final payment is due December 26, 2021.	<u>14,214</u>
Total Long-Term Liabilities	28,317
Current Portion	<u>(28,317)</u>
Noncurrent Portion	<u>\$ -</u>

Interest expense related to loans payable was \$1,618 year ended December 31, 2020.

COMMUNITY COOPERATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE H - NET ASSETS

Net assets consisted of the following at December 31, 2020:

	<u>Amount</u>
Without donor restrictions:	
Unrestricted - undesignated	\$ 2,371,213
Unrestricted - designated - Board endowment	100,000
Unrestricted - designated - Building and capital asset reserve	400,000
Unrestricted - designated - operating reserves	<u>400,000</u>
	<u>3,271,213</u>
With donor restrictions:	
<u>Temporarily Restricted</u>	
Richard Schulze Family Foundation Grant	22,901
United Way - BSF	2,887
Cape Coral Community Foundation	6,927
Kiwanis	3,000
Walmart Community Foundation	1,000
No Kid Hungry	25,000
Bridge Fund	5,000
Wawa Foundation	2,500
Finemark	15,781
Various Donors	<u>48,451</u>
	<u>133,447</u>
<u>Permanently Restricted</u>	
Endowment	191,842
SWFL Community Foundation Endowment (Note J)	<u>83,516</u>
	<u>275,358</u>
	<u>408,805</u>
Total Net Assets	<u>\$ 3,680,018</u>

At December 31, 2020, the Organization had net assets with donor restrictions of \$408,805 of which \$133,447 were temporarily restricted for specific purposes as required by the respective contract, and/or donor/grantor. The net assets with donor restrictions are offset by restricted investments.

At December 31, 2020, the Organization had net assets with donor restrictions of \$275,358 which were permanently restricted for specific purposes as required by the respective contract and offset by restricted investments of \$191,842 and beneficial interest of \$83,516.

COMMUNITY COOPERATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE H - NET ASSETS, CONTINUED

Designations of net assets are voluntary segregations of net assets without donor restrictions 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, 2020, CCI had \$900,000 designated assets.

The Board's designated net assets policy calls for a operating reserves of approximately six (6) months "cash" expenses target. It also calls for building and capital asset reserves of approximately annual depreciation to be set aside as designated net assets. These amounts may be amended by the Board at any time. Such amounts are to be held in separate interest bearing accounts.

NOTE I - GOVERNMENT GRANTS AND CONTRACTS REVENUE

Government grants and contracts revenue consist of the following at December 31, 2020:

	<u>Amount</u>
Lee County Department of Human Services	\$ 512,624
City of Cape Coral (CDBG)	54,827
Emergency Food and Shelter Program (FEMA)	20,000
Lee County Homeless Coalition	<u>2,000</u>
	<u>\$ 589,451</u>

NOTE J - ENDOWMENT FUND

The Community Cooperative endowment effort consists of two funds; one held by a local foundation and one being developed internally.

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.

NOTE J - ENDOWMENT FUND, CONTINUED

This portion of 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, 2020, net investment gain, net of investment management costs were \$7,672. Community Cooperative received a distribution of \$2,689. The total endowment held by the foundation for the benefit of Community Cooperative at December 31, 2020 was \$83,516 which was recorded by Community Cooperative as of December 31, 2020.

On February 21, 2018, Community Cooperative entered into an agreement with a donor to create an endowment fund for the benefit of Community Cooperative. The donor contributed \$51,679 to create the endowment.

On April 26, 2019, Community Cooperative amended the agreement with the original donor of the endowment fund for the benefit of Community Cooperative. The donor also contributed an additional \$100,500 to the endowment.

During the year ended December 31, 2020, the internally held endowment received contributions of \$25,257.

The composition of endowment net assets for this fund and the changes in endowment net assets as of December 31, 2020, are as follows:

	<u>Amount</u>
Endowment net assets, January 1, 2020	\$ 155,459
Contributions	25,257
Investment return (net)	11,126
Endowment net assets, December 31, 2020	<u>\$ 191,842</u>

NOTE J - ENDOWMENT FUND, CONTINUED

In order to provide a sustainable level of income to support the special needs of the Organization while preserving the real (inflation adjusted) purchasing power of the investment portfolio and endowed funds, the Organization establishes the following spending policy with regard to the use of available funds as follows:

1. Up to 4% of the total market value of the available funds may be distributed annually based upon a three-year rolling average. Distributions shall be calculated annually.
2. The percentage distributed shall be reviewed annually by the Board Finance Committee and adjusted as appropriate according to the needs of the Organization and the current market climate but at no time should the spending rate percentage be lower than 3% or exceed 6% unless specifically authorized by a two-thirds majority vote of the Board of Directors.
3. Should the suggested distribution result in a reduction of the real value of the endowment and reserve funds to a level below the adjusted real value, the Board Finance Committee shall determine an alternative percent or amount to be withdrawn.
4. Any endowment determined to be "under water" cannot have any amounts appropriated or spent until the endowment balance is above the original corpus.

The spending policy provides that a prudent portion of the annual earnings and/or accumulated appreciation of each fund may be expended each year. Once an endowment has grown to at least 120% of its initial gift value, then management according to the Spending Policy shall deem it prudent to allow spending from the endowment.

NOTE K - RELATED PARTY TRANSACTIONS

During the year ended December 31, 2020, contributions and grants included \$156,408 from members of the Board.

As of December 31, 2020, the Organization held \$2,101,920 (carrying amount) in banks and an investment company in which members of the Board held management positions.

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

NOTE L - IN-KIND CONTRIBUTIONS

During the year ending December 31, 2020, the Organization recorded \$2,195,851 of donated goods and professional services contributions consisting substantially of donated and discounted food.

In addition, volunteers contributed approximately 32,948 hours of service valued at \$792,070 (\$24.04/hr) and drove approximately 153,057 miles valued at \$21,428 (\$.14/mile) on behalf of the Organization. These amounts are not recorded as revenue or expense for the year ended December 31, 2020.

NOTE M - UNITED WAY CONTRIBUTIONS

The Lee County United Way provided Community Cooperative with allocated grants of \$396,000 for the year ended December 31, 2020. Community Cooperative also received \$16,464 from United Way as supplemental funding and donor designated gifts. These amounts are recorded as contributions.

NOTE N - 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, 2020, the Organization received approximately 15% of its support from two major fundraising events.

NOTE O - 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.

COMMUNITY COOPERATIVE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE P - 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, 2020 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, 2020.

NOTE Q - LIQUIDITY

Financial assets available within one year of December 31, 2020 consisted of the following:

	<u>Amount</u>
Cash and cash equivalents	\$ 1,724,398
Investments without donor restrictions	177,720
Accounts receivable	34,560
Grants receivable	26,442
Pledges receivable	<u>28,166</u>
	1,991,286
Less amounts due within one year:	
Current liabilities	<u>165,428</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 1,825,858</u></u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$650,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and fixed income securities. The Organization also has a \$170,000 revolving line of credit available to meet cash flow needs.

NOTE R - COVID 19

In early March 2020, the World Health Organization classified the coronavirus outbreak "COVID-19" as a global pandemic, and it, unfortunately, continues to spread. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, have been severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. On April 1, 2020, Florida Governor, Ron DeSantis ordered all Floridians to stay home, to lock down the State against the Coronavirus. Fundraising events were halted or held virtually throughout the community.

The Center has adapted its fundraising and development efforts as well as its operations to accommodate the current environment. However, the full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and greatly contributed to instability in financial markets. Management is actively monitoring the local situation on its financial condition, liquidity, operations, donors, industry, and workforce. Given the daily evolution of COVID-19 and the global and local responses to curb its spread, the Organization is not able to estimate the future effects of COVID-19 on its results of operation, financial condition, or liquidity for fiscal year 2020-21.

NOTE S - SUBSEQUENT EVENT

The Organization received a PPP loan in the amount of \$221,705 on April 10, 2020. Full forgiveness of the loan was received November 19, 2020. Therefore, the proceeds of the loan are recorded as miscellaneous revenue for the year ended December 31, 2020.