Financial Statements

A GIFT FOR TEACHING, INC.

June 30, 2019 and 2018
A GIFT FOR TEACHING, INC.

Financial Statements

June 30, 2019 and 2018

(With Independent Auditor’s Report Thereon)
A GIFT FOR TEACHING, INC.

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Independent Auditor’s Report

The Board of Directors
A Gift For Teaching, Inc.:

We have audited the accompanying financial statements of A Gift For Teaching, Inc., which comprise the statement of financial position as of June 30, 2019, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, 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.
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 A Gift For Teaching, Inc. as of June 30, 2019, 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.

Report on Summarized Comparative Information

We have previously audited the A Gift For Teaching, Inc.'s 2018 financial statements, and our report dated October 9, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schatz, Frisch, Whiteman, Mitchell & Sheidler, LLP

Maitland, Florida
August 23, 2019
A GIFT FOR TEACHING, INC.

Statements of Financial Position

June 30, 2019 and 2018

**Assets**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$368,041</td>
<td>483,906</td>
</tr>
<tr>
<td>Investments (note 3)</td>
<td>52,866</td>
<td>52,551</td>
</tr>
<tr>
<td>Pledges receivable (note 4)</td>
<td>121,941</td>
<td>86,591</td>
</tr>
<tr>
<td>Inventory</td>
<td>3,333,704</td>
<td>2,102,486</td>
</tr>
<tr>
<td>Furniture, equipment, and instruments, net (note 5)</td>
<td>366,786</td>
<td>416,564</td>
</tr>
<tr>
<td>Beneficial interest in assets held by Central Florida Foundation, Inc. (note 6)</td>
<td>13,107</td>
<td>12,848</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$4,256,445</td>
<td>3,154,946</td>
</tr>
</tbody>
</table>

**Liabilities and Net Assets**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$5,826</td>
<td>9,511</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>5,826</td>
<td>9,511</td>
</tr>
<tr>
<td>Net assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without donor restrictions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>With donor restrictions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purpose (note 8)</td>
<td>312,933</td>
<td>392,496</td>
</tr>
<tr>
<td>Perpetual (note 6)</td>
<td>13,107</td>
<td>12,848</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>4,250,619</td>
<td>3,145,435</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$4,256,445</td>
<td>3,154,946</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
A GIFT FOR TEACHING, INC.

Statements of Activities

Year ended June 30, 2019
(With summarized comparative information for the year ended June 30, 2018)

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>2018 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Purpose</td>
<td>Perpetual</td>
<td></td>
</tr>
<tr>
<td>Revenue and support:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and grants</td>
<td>$ 619,769</td>
<td>239,462</td>
<td>859,231</td>
</tr>
<tr>
<td>Contributed goods and facilities (note 7)</td>
<td>300,000</td>
<td>-</td>
<td>300,000</td>
</tr>
<tr>
<td>Contributed store inventory (note 7)</td>
<td>10,059,856</td>
<td>-</td>
<td>10,059,856</td>
</tr>
<tr>
<td>Special events, less direct benefit to donors of $53,590</td>
<td>123,395</td>
<td>-</td>
<td>123,395</td>
</tr>
<tr>
<td>Investment income</td>
<td>1,241</td>
<td>259</td>
<td>1,500</td>
</tr>
<tr>
<td>Net assets released from restrictions (note 9)</td>
<td>319,025</td>
<td>(319,025)</td>
<td>-</td>
</tr>
<tr>
<td>Total revenue and support</td>
<td>11,423,286</td>
<td>(79,563)</td>
<td>259</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>9,836,067</td>
<td>-</td>
<td>9,836,067</td>
</tr>
<tr>
<td>General and administrative</td>
<td>215,689</td>
<td>-</td>
<td>215,689</td>
</tr>
<tr>
<td>Development</td>
<td>187,042</td>
<td>-</td>
<td>187,042</td>
</tr>
<tr>
<td>Total expenses</td>
<td>10,238,798</td>
<td>-</td>
<td>10,238,798</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>1,184,488</td>
<td>(79,563)</td>
<td>259</td>
</tr>
<tr>
<td>Net assets, beginning of year</td>
<td>2,740,091</td>
<td>392,496</td>
<td>12,848</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>$ 3,924,579</td>
<td>312,933</td>
<td>13,107</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
<table>
<thead>
<tr>
<th>Program Services</th>
<th>Supporting Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A Gift for Music</strong></td>
<td><strong>General and Administrative</strong></td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>-</td>
</tr>
<tr>
<td>Bank service charge</td>
<td>37</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>460</td>
</tr>
<tr>
<td>Equipment</td>
<td>-</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>-</td>
</tr>
<tr>
<td>Marketing and public relations</td>
<td>744</td>
</tr>
<tr>
<td>Meeting expense</td>
<td>751</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>12,321</td>
</tr>
<tr>
<td>Office supplies</td>
<td>380</td>
</tr>
<tr>
<td>Pickup and delivery</td>
<td>-</td>
</tr>
<tr>
<td>Postage</td>
<td>66</td>
</tr>
<tr>
<td>Printing</td>
<td>100</td>
</tr>
<tr>
<td>Professional fees</td>
<td>3,427</td>
</tr>
<tr>
<td>Donated merchandise (note 7)</td>
<td>-</td>
</tr>
<tr>
<td>Recognition</td>
<td>63</td>
</tr>
<tr>
<td>Occupancy</td>
<td>3,000</td>
</tr>
<tr>
<td>Repairs</td>
<td>-</td>
</tr>
<tr>
<td>Travel</td>
<td>408</td>
</tr>
<tr>
<td>Purchased inventory</td>
<td>-</td>
</tr>
<tr>
<td>Instruments and music supplies</td>
<td>23,966</td>
</tr>
<tr>
<td><strong>Total expenses before depreciation</strong></td>
<td>154,085</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>$ 154,085</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
A GIFT FOR TEACHING, INC.

Statements of Cash Flows

Years ended June 30, 2019 and 2018

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$1,105,184</td>
<td>(719,445)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>49,778</td>
<td>53,656</td>
</tr>
<tr>
<td>Donated inventory</td>
<td>(1,231,218)</td>
<td>702,656</td>
</tr>
<tr>
<td>Provision for bad debts</td>
<td>-</td>
<td>29,250</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>(35,350)</td>
<td>14,157</td>
</tr>
<tr>
<td>Assets held by the Central Florida Foundation</td>
<td>(259)</td>
<td>(377)</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(3,685)</td>
<td>(4,839)</td>
</tr>
<tr>
<td>Cash provided by (used in) operating activities</td>
<td>(115,550)</td>
<td>75,058</td>
</tr>
</tbody>
</table>

Cash flows from investing activities:

| Purchase of equipment         | -         | (8,830)  |
| Purchase of investments       | (315)     | (368)    |
| Cash used in investing activities | (315)     | (9,198)  |

Net change in cash

| (115,865) | 65,860 |

Cash at beginning of year

| 483,906 | 418,046 |

Cash at end of year

| $368,041 | 483,906 |

See accompanying notes to financial statements.
(1) Organization and Summary of Significant Accounting Policies

(a) Organization and Purpose

A Gift For Teaching, Inc. (the “Organization”) was formed as a not-for-profit corporation under the laws of the State of Florida and has obtained recognition of its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. A Gift For Teaching, Inc. was formed to ensure that students and classrooms in Central Florida have the basic tools for learning by transferring, at no cost, the community’s surplus supplies and merchandise into the hands of teachers and school children in need. In addition to the A Gift For Teaching Free Store in Orlando where teachers shop, the Organization provides support and supplies to Free Stores in Osceola county which are operated by the local public school foundations. Approximately 20% of product is distributed through this Free Store. Additionally, included in these financial statements are the accounts for A Gift for Music. A Gift for Music provides access to musical instruments and instruction to inner city students at no charge to the students.

(b) Basis of Accounting

The accompanying financial statements are presented on the accrual basis and represent the financial position and results of operations of the Organization.

The Organization prepares its financial statements on an entity wide basis, focusing on the organization as a whole. Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Net assets without donor restrictions---Net assets that are not subject to donor-imposed stipulations and, therefore, available for use in general operations.

- Net assets with donor restrictions---Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donor-imposed restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions.
A GIFT FOR TEACHING, INC.

Notes to Financial Statements

(1) **Organization and Summary of Significant Accounting Policies (Continued)**

(c) **Cash and Cash Equivalents**

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(d) **Unconditional Promises to Give**

Unconditional promises to give, less an allowance for uncollectible accounts, are recognized as revenues in the period received. Pledges are discounted, using a market discount rate, to present value for collections expected in future years. Accretion of the discount in subsequent years is also recorded as contribution revenue.

(e) **Furniture, Equipment and Instruments**

Furniture, equipment and instruments are recorded at cost or estimated value at the date of purchase or contribution. Expenditures for repairs and maintenance are expensed as incurred. Assets are being depreciated using the straight-line method over various estimated useful lives ranging from three to seven years. The Organization has a capitalization threshold of $500.

(f) **Donor Restricted and Unrestricted Revenue and Support**

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.
A GIFT FOR TEACHING, INC.

Notes to Financial Statements

(1) Organization and Summary of Significant Accounting Policies (Continued)

(g) Income Taxes

A Gift For Teaching, Inc. is exempt from federal income tax under provision of Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. Consequently, no provision for income taxes has been included in the accompanying financial statements.

In accordance with “Income Taxes” FASB Accounting Standards Codification Topic 740 (Topic 740), all entities are required to evaluate and disclose income tax risks. Topic 740 clarifies the accounting for uncertainty in tax positions and prescribes guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of June 30, 2019, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Organization’s income tax returns are subject to review and examination by federal authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes. The tax returns for the fiscal years ended from 2016 to 2018 are open to examination by federal authorities.

(h) Beneficial Interest In Assets Held By Community Foundation

The Organization has an interest in the Central Florida Foundation (CFF) which carries investments in marketable securities with readily determinable fair values and all investments in debt securities are at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.
A GIFT FOR TEACHING, INC.

Notes to Financial Statements

(1) Organization and Summary of Significant Accounting Policies (Continued)

(i) Concentration of Credit Risks

The Organization places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) provides for insurance on deposits in the amount of $250,000 per depositor and fully insures deposits held in non-interest bearing transaction accounts regardless of amount. During the year, the Organization from time to time may have had amounts on deposit in excess of the insured limits. Management believes the associated risk is minimized by placing such assets with quality financial institutions. The Organization has not experienced any losses on such accounts.

(j) Estimates

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

(k) Functional Allocation of Expenses

The costs of providing the program and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services benefited.

(l) Prior Year Comparative Data

The financial statements include certain prior year summarized comparative information. This information has been presented in order to provide an understanding of changes in the Organization’s financial position and activities. The prior year information in the statement of activities is presented in total but not by net asset class and, as such, does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In addition, certain amounts have been reclassified in order to conform with the current year’s presentation.

(m) Reclassification

Certain amounts in the 2018 financial statement have been reclassified to conform with the 2019 presentation.
A GIFT FOR TEACHING, INC.

Notes to Financial Statements

(1) **Organization and Summary of Significant Accounting Policies (Continued)**

(n) **Subsequent Events**

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through August 23, 2019 which is the date the financial statements were available to be issued.

(o) **Change in Accounting Principle**

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

(2) **Liquidity and Availability**

As of June 30, 2019, the Organization has $249,017 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. Financial assets subject to donor or other restrictions that make them unavailable for general expenditure within one year of the balance sheet date were $281,187 as of June 30, 2019. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table reflects the Organization’s financial assets as of June 30, 2019 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date.

<table>
<thead>
<tr>
<th>Financial Asset</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$368,041</td>
</tr>
<tr>
<td>Investments</td>
<td>52,866</td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>109,297</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td>530,204</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>(281,187)</td>
</tr>
<tr>
<td>Financial assets available to meet cash needs for general expenditure within one year</td>
<td>$249,017</td>
</tr>
</tbody>
</table>
(3) Investments

Investments at June 30, 2019 and 2018 consist of certificates of deposit maturing within one year.

(4) Pledges Receivable

Pledges receivable, net of discount to present value (at a rate of 3%) and allowance for uncollectible contributions are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivable in less than one year</td>
<td>$109,297</td>
<td>65,338</td>
</tr>
<tr>
<td>Receivable in one to five years</td>
<td>17,772</td>
<td>26,824</td>
</tr>
<tr>
<td></td>
<td>127,069</td>
<td>92,162</td>
</tr>
<tr>
<td>Less discount to present value</td>
<td>(1,128)</td>
<td>(1,571)</td>
</tr>
<tr>
<td></td>
<td>125,941</td>
<td>90,591</td>
</tr>
<tr>
<td>Less: allowance for uncollectible contributions</td>
<td>(4,000)</td>
<td>(4,000)</td>
</tr>
<tr>
<td>Pledges receivable, net</td>
<td>$121,941</td>
<td>86,591</td>
</tr>
</tbody>
</table>

The discount will be recognized as contribution income as the discount is amortized using an effective yield over the duration of the pledge.

(5) Furniture, Equipment and Instruments

At June 30, 2019 and 2018, furniture, equipment and instruments consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computers and Software</td>
<td>$21,972</td>
<td>91,712</td>
</tr>
<tr>
<td>Equipment and fixtures</td>
<td>35,718</td>
<td>107,696</td>
</tr>
<tr>
<td>Instruments</td>
<td>67,824</td>
<td>67,824</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>840,880</td>
<td>855,947</td>
</tr>
<tr>
<td>Vehicle</td>
<td>103,144</td>
<td>103,144</td>
</tr>
<tr>
<td></td>
<td>1,069,538</td>
<td>1,226,323</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(702,752)</td>
<td>(809,759)</td>
</tr>
<tr>
<td></td>
<td>$366,786</td>
<td>416,564</td>
</tr>
</tbody>
</table>
A GIFT FOR TEACHING, INC.

Notes to Financial Statements

(6) **Beneficial Interest in Assets Held by Central Florida Foundation**

The Organization has transferred funds to CFF to establish a fund, which is considered component funds of CFF. The terms of the fund agreement with CFF provide, among other things, that distributions are subject to CFF's policies. The Organization may recommend distribution from certain funds at any time; however, all recommendations are solely advisory and may be accepted or rejected by CFF. At the time of the transfers, the Organization granted variance power to CFF. That power gives CFF the right to modify or eliminate any restrictions, limitation or condition on the distribution of funds, including their use for any specified purposes or their distribution to specific organizations.

The fund is presented in the statements of financial position as beneficial interests in assets held by CFF and are considered Level 3 financial instruments, as they are pooled into various investment funds held by CFF.

(7) **Donated Goods and Facilities**

Donated merchandise is recorded at fair market value at the time of receipt.

Contributed use of facilities, leasehold improvements, and equipment are recorded at fair value at the date of the donation.

Contributed services are reported as contributions at their fair market value if such services create or enhance nonfinancial assets, or would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such specialized skills.

On August 31, 2004, the Organization entered into an Agreement to Use and Occupy Portion of Warehouse with the Orange County Public School System ("OCPS"). The Agreement provides the Organization with a facility to consolidate all of its retail, warehouse, and administrative operations for a minimum period of 25 years. The Organization has no lease payments related to this agreement. The estimated value of this agreement of $300,000 for each of the years ended June 30, 2019 and 2018, has been recorded as contributed goods and services and occupancy cost in the accompanying statements of activities and functional expenses. The lease may be terminated at any time by OCPS provided that the Organization is reimbursed for its unamortized leasehold improvements as disclosed in note 4.
A GIFT FOR TEACHING, INC.

Notes to Financial Statements

(7) **Donated Goods and Facilities (Continued)**

A substantial number of unpaid volunteers have made significant contributions of their time toward the mission and vision of A Gift For Teaching. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement of valuation. A summary of donated items included in revenue and support in the accompanying statements of activities and changes in net assets is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donated use of facilities and equipment</td>
<td>$ 300,000</td>
<td>300,000</td>
</tr>
<tr>
<td>Donated merchandise</td>
<td>10,059,856</td>
<td>9,586,973</td>
</tr>
<tr>
<td><strong>Total donated use of facilities and merchandise</strong></td>
<td><strong>$ 10,359,856</strong></td>
<td><strong>9,886,973</strong></td>
</tr>
</tbody>
</table>

Inventory is valued at estimated fair market value at the time of donation. Inventory levels at June 30, 2019 and 2018 are determined based on a physical count of all items and fluctuate based on the timing of donated product received and the timing of goods distributed.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory at beginning of year</td>
<td>$ 2,102,486</td>
<td>2,805,142</td>
</tr>
<tr>
<td>Donated product received</td>
<td>10,059,856</td>
<td>9,586,973</td>
</tr>
<tr>
<td>Value of product distributed</td>
<td>(8,828,638)</td>
<td>(10,289,629)</td>
</tr>
<tr>
<td></td>
<td><strong>$ 3,333,704</strong></td>
<td><strong>2,102,486</strong></td>
</tr>
</tbody>
</table>

Financial Surplus Explanation:

Because the vast majority of our operations consist of accumulating and distributing donated goods, our annual surplus (deficit), or change in net assets, is influenced by the timing of the receipt and disbursement of these goods and products. In fiscal year 2019, we received a large quantity of product, just prior to our year end. This resulted in a significant increase in inventory on hand, contributions, and change in net assets.

During the year ended June 30, 2018, the Organization distributed product in response to disaster relief. This program ended September 2018. Additionally, the Seminole store closed June 30, 2018 when the contract ended. The value of product distributed through the programs was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seminole store</td>
<td>$ -</td>
<td>1,574,733</td>
</tr>
<tr>
<td>Disaster relief</td>
<td>324,022</td>
<td>1,931,807</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 324,022</strong></td>
<td><strong>3,506,540</strong></td>
</tr>
</tbody>
</table>
(8) **Net Assets with Donor Restrictions**

Net assets with donor restrictions are available for the following purposes or periods at June 30:

<table>
<thead>
<tr>
<th>Purpose restrictions:</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gift for Music</td>
<td>$151,808</td>
<td>188,144</td>
</tr>
<tr>
<td>Backpacks</td>
<td>9,000</td>
<td>37,745</td>
</tr>
<tr>
<td>Art Programs</td>
<td>38,095</td>
<td>27,341</td>
</tr>
<tr>
<td>Big School House maintenance</td>
<td>30,648</td>
<td>30,648</td>
</tr>
<tr>
<td>Technology</td>
<td>48,974</td>
<td>49,508</td>
</tr>
<tr>
<td>Direct Connect Locker</td>
<td>-</td>
<td>3,259</td>
</tr>
<tr>
<td>Community responsiveness</td>
<td>2,662</td>
<td>23,108</td>
</tr>
<tr>
<td></td>
<td><strong>281,187</strong></td>
<td><strong>359,753</strong></td>
</tr>
<tr>
<td>For periods after June 30</td>
<td>31,746</td>
<td>32,743</td>
</tr>
<tr>
<td></td>
<td><strong>$312,933</strong></td>
<td><strong>392,496</strong></td>
</tr>
</tbody>
</table>

(9) **Net Assets Released From Restrictions**

Net assets are released from donor restrictions when expenses are incurred to satisfy the restricted purposes or by occurrence of other events as specified by the donors as follows:

<table>
<thead>
<tr>
<th>Purpose restriction accomplished:</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gift for Music</td>
<td>$160,073</td>
<td>110,738</td>
</tr>
<tr>
<td>Backpacks</td>
<td>60,243</td>
<td>44,122</td>
</tr>
<tr>
<td>Technology</td>
<td>5,684</td>
<td>5,481</td>
</tr>
<tr>
<td>Art Programs</td>
<td>48,679</td>
<td>64,518</td>
</tr>
<tr>
<td>Direct Connect Locker</td>
<td>3,259</td>
<td>356</td>
</tr>
<tr>
<td>Big School House maintenance</td>
<td>-</td>
<td>6,004</td>
</tr>
<tr>
<td>Disaster relief</td>
<td>23,752</td>
<td>27,212</td>
</tr>
<tr>
<td>Community responsiveness</td>
<td>7,338</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>309,028</strong></td>
<td><strong>258,431</strong></td>
</tr>
<tr>
<td>Time restriction expired on pledges receivable</td>
<td><strong>9,997</strong></td>
<td><strong>40,879</strong></td>
</tr>
<tr>
<td></td>
<td><strong>$319,025</strong></td>
<td><strong>299,310</strong></td>
</tr>
</tbody>
</table>