

**Conservation Foundation
of the Gulf Coast, Inc.**

Financial Statements and
Independent Auditor's Report
September 30, 2021 and 2020

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Kerkering, Barberio & Co.
Certified Public Accountants

Independent Auditor's Report

The Board of Trustees
Conservation Foundation of the Gulf Coast, Inc.
Osprey, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Conservation Foundation of the Gulf Coast, Inc. (the Foundation) (a not-for-profit organization), which comprise the statements of financial position as of September 30, 2021 and 2020, the related statements of activities, functional expenses and cash flows for the years 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 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 the Conservation Foundation of the Gulf Coast, Inc. as of September 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kerkering Barberio & Co.

Sarasota, Florida
February 23, 2022

Conservation Foundation of the Gulf Coast, Inc.

Statements of Financial Position
September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 817,034	\$ 608,816
Accounts receivable	22,268	26,253
Contributions receivable, current portion	144,530	76,655
Prepaid expenses and other assets	237,520	51,437
Total current assets	<u>1,221,352</u>	<u>763,161</u>
Contributions receivable, net of current portion	11,797	31,797
Cash reserved for future projects	3,163,469	3,053,089
Investments	4,632,339	3,825,670
Land, buildings, improvements and equipment, net	3,847,006	3,897,808
Land held for conservation	<u>21,413,429</u>	<u>21,413,428</u>
Total Assets	<u>\$ 34,289,392</u>	<u>\$ 32,984,953</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 125,761	\$ 65,306
Accrued expenses	68,741	66,394
Deferred income	97,875	70,237
Security deposits	14,500	7,500
Total current liabilities	<u>306,877</u>	<u>209,437</u>
Note payable	<u>162,956</u>	<u>136,070</u>
Total Liabilities	<u>469,833</u>	<u>345,507</u>
Net Assets:		
Without donor restrictions		
Undesignated	3,814,269	3,952,210
Board designated	7,610,163	6,909,077
Total net assets without donor restrictions	<u>11,424,432</u>	<u>10,861,287</u>
With donor restrictions		
Purpose restricted	857,058	240,091
Perpetual in nature	21,538,069	21,538,068
Total net assets with donor restrictions	<u>22,395,127</u>	<u>21,778,159</u>
Total Net Assets	<u>33,819,559</u>	<u>32,639,446</u>
Total Liabilities and Net Assets	<u>\$ 34,289,392</u>	<u>\$ 32,984,953</u>

See accompanying notes to financial statements.

Conservation Foundation of the Gulf Coast, Inc.

Statement of Activities

Year Ended September 30, 2021

(With Summarized Totals For 2020)

	Without Donor Restriction	With Donor Restriction	2021 Total	2020 Total
Revenues, Gains, and Other Support:				
Contributions	\$ 564,826	\$ 915,365	\$ 1,480,191	\$ 3,819,005
Grants	300,659	1,628	302,287	30,821
In-kind contributions	1,590	-	1,590	11,340
Program income	94,082	-	94,082	61,110
Interest and dividend income, net of fees	110,735	6,197	116,932	119,290
Realized and unrealized gain on investments, net	629,610	40,261	669,871	223,920
Special events revenue, net of direct costs of \$28,775 and \$195,264 respectively	130,407	-	130,407	215,090
Other income	-	-	-	23,246
Extinguishment of land held for conservation easement	-	1	1	2
Net assets released from restrictions	346,484	(346,484)	-	-
Total revenues, gains, and other support	2,178,393	616,968	2,795,361	4,503,824
Expenses:				
Program expenses	1,344,998	-	1,344,998	2,734,161
Management and general	46,321	-	46,321	53,266
Fundraising	223,929	-	223,929	209,170
Total program expenses	1,615,248	-	1,615,248	2,996,597
Change in net assets	563,145	616,968	1,180,113	1,507,227
Net assets, beginning of year	10,861,287	21,778,159	32,639,446	31,132,219
Net assets, end of year	\$ 11,424,432	\$ 22,395,127	\$ 33,819,559	\$ 32,639,446

See accompanying notes to financial statements.

Conservation Foundation of the Gulf Coast, Inc.

Statement of Activities

Year Ended September 30, 2020

(With Summarized Totals For 2021)

	Without Donor Restriction	With Donor Restriction	2020 Total	2021 Total
Revenues, Gains, and Other Support:				
Contributions	\$ 772,381	\$ 3,046,624	\$ 3,819,005	\$ 1,480,191
Grants	-	30,821	30,821	302,287
In-kind contributions	11,340	-	11,340	1,590
Program income	61,110	-	61,110	94,082
Interest and dividend income, net of fees	119,290	-	119,290	116,932
Realized and unrealized gain on investments, net	223,920	-	223,920	669,871
Special events revenue, net of direct costs of \$195,264 and \$28,775 respectively	215,090	-	215,090	130,407
Other income	23,246	-	23,246	-
Extinguishment of land held for conservation easement	-	2	2	1
Net assets released from restrictions	1,579,762	(1,579,762)	-	-
Total revenues, gains, and other support	3,006,139	1,497,685	4,503,824	2,795,361
Expenses:				
Program expenses	2,734,161	-	2,734,161	1,344,998
Management and general	53,266	-	53,266	46,321
Fundraising	209,170	-	209,170	223,929
Total program expenses	2,996,597	-	2,996,597	1,615,248
Change in net assets	9,542	1,497,685	1,507,227	1,180,113
Net assets, beginning of year	10,851,745	20,280,474	31,132,219	32,639,446
Net assets, end of year	\$ 10,861,287	\$ 21,778,159	\$ 32,639,446	\$ 33,819,559

See accompanying notes to financial statements.

Conservation Foundation of the Gulf Coast, Inc.

Statement of Functional Expenses
Year Ended September 30, 2021
(With Summarized Totals For 2020)

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2021 Total</u>	<u>2020 Total</u>
Expenses:					
Fees	\$ 6,097	\$ -	\$ -	\$ 6,097	\$ 1,371
Office expense	6,483	-	-	6,483	4,759
Bank/finance charges	866	-	464	1,330	782
IT and software	18,300	174	13,299	31,773	27,226
Supplies	16,736	-	479	17,215	29,514
Donor cultivation	1,037	-	496	1,533	2,133
Taxes-Property	11,190	-	-	11,190	7,357
Utilities	12,138	-	-	12,138	11,623
Licenses & Permits	495	-	-	495	967
Dues, subscriptions, books, memberships	16,888	-	365	17,253	6,823
Advisors expense	-	-	-	-	4,230
Telephone	10,324	434	1,341	12,099	10,320
Merchant processing	1,327	-	2,050	3,377	4,601
Advertising/promotion	20,072	-	-	20,072	35,463
Lawn/grounds maintenance	30,765	-	-	30,765	20,735
Building maintenance	14,463	-	-	14,463	18,914
Miscellaneous	7,575	123	2,672	10,370	6,563
Personnel	772,565	8,632	183,723	964,920	910,282
Depreciation & amortization	116,658	-	-	116,658	117,936
Professional fees	180,168	36,958	9,900	227,026	136,470
Publications	37,358	-	8,554	45,912	45,602
Staff travel, training, & conferences	9,884	-	586	10,470	20,493
Liability & other insurance	53,608	-	-	53,608	56,853
Land acquisition program expense	1	-	-	1	1,500,000
In-kind expenses	-	-	-	-	15,580
Total expenses	<u>\$ 1,344,998</u>	<u>\$ 46,321</u>	<u>\$ 223,929</u>	<u>\$ 1,615,248</u>	<u>\$ 2,996,597</u>

See accompanying notes to financial statements.

Conservation Foundation of the Gulf Coast, Inc.

Statement of Functional Expenses
Year Ended September 30, 2020
(With Summarized Totals For 2021)

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2020 Total</u>	<u>2021 Total</u>
Expenses:					
Fees	\$ 1,371	\$ -	\$ -	\$ 1,371	\$ 6,097
Office expense	4,759	-	-	4,759	6,483
Bank/finance charges	654	128	-	782	1,330
IT and software	18,482	8	8,736	27,226	31,773
Supplies	29,383	-	131	29,514	17,215
Donor cultivation	1,728	-	405	2,133	1,533
Taxes-Property	7,357	-	-	7,357	11,190
Utilities	11,623	-	-	11,623	12,138
Licenses & Permits	967	-	-	967	495
Dues, subscriptions, books, memberships	6,493	-	330	6,823	17,253
Advisors expense	4,230	-	-	4,230	-
Telephone	7,914	551	1,855	10,320	12,099
Merchant processing	2,794	-	1,807	4,601	3,377
Advertising/promotion	35,438	-	25	35,463	20,072
Lawn/grounds maintenance	20,735	-	-	20,735	30,765
Building maintenance	18,914	-	-	18,914	14,463
Miscellaneous	3,947	-	2,616	6,563	10,370
Personnel	735,729	9,159	165,394	910,282	964,920
Depreciation & amortization	111,378	1,587	4,971	117,936	116,658
Professional fees	98,050	36,579	1,841	136,470	227,026
Publications	25,992	-	19,610	45,602	45,912
Staff travel, training, & conferences	19,044	-	1,449	20,493	10,470
Liability & other insurance	51,599	5,254	-	56,853	53,608
Land acquisition program expense	1,500,000	-	-	1,500,000	1
In-kind expenses	15,580	-	-	15,580	-
Total expenses	<u>\$ 2,734,161</u>	<u>\$ 53,266</u>	<u>\$ 209,170</u>	<u>\$ 2,996,597</u>	<u>\$ 1,615,248</u>

See accompanying notes to financial statements.

Conservation Foundation of the Gulf Coast, Inc.

Statements of Cash Flows
Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,180,113	\$ 1,507,227
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	116,658	117,936
Realized and unrealized gain on investments, net	(669,871)	(223,920)
PPP Loan forgiveness	(136,070)	-
Change in operating assets:		
Accounts receivable	3,985	(4,201)
Contributions receivable	(47,875)	(104,050)
Prepaid expenses and other assets	(186,083)	(5,743)
Change in operating liabilities:		
Accounts payable	60,455	(49,919)
Accrued expenses	2,344	20,229
Deferred income	27,638	(35)
Security deposits	7,000	(1,000)
Total adjustments	<u>(821,819)</u>	<u>(250,703)</u>
Net cash provided by operating activities	<u>358,294</u>	<u>1,256,524</u>
Cash Flows from Investing Activities:		
Purchases of investments	(2,946,517)	(1,874,910)
Proceeds from sales of investments	2,809,719	1,891,662
Purchase of land held for conservation	-	(1,280,524)
Purchase of land, buildings, improvements, and equipment	(65,854)	(157,091)
Net cash used in investing activities	<u>(202,652)</u>	<u>(1,420,863)</u>
Cash flows from financing activities		
Change in cash reserved for future projects	(110,380)	54,582
Proceeds from note payable	162,956	136,070
Net cash provided by financing activities	<u>52,576</u>	<u>190,652</u>
Net change in cash and cash equivalents	208,218	26,313
Cash and cash equivalents, beginning of year	608,816	582,503
Cash and cash equivalents, end of year	<u>\$ 817,034</u>	<u>\$ 608,816</u>

See accompanying notes to financial statements.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements

September 30, 2021 and 2020

I. Organization

Conservation Foundation of the Gulf Coast, Inc. (the Foundation) is a not-for-profit corporation whose mission is to protect the land and water in Southwest Florida for the benefit of people and nature. The Foundation accomplishes this mission by working with landowners, businesses, government, and other not-for-profits. They are a nationally accredited land trust that purchases and receives in donation natural areas, holds land conservation easements, and educates for responsible land and water stewardship in Manatee, Sarasota, Charlotte, Collier and Lee Counties. The Foundation's revenue comes primarily from contributions and grants.

The Foundation works with partners in their conservation initiatives. In some cases, the land conserved or conservation easements obtained are retained by the partner. Those properties are not reflected in the schedule below. As it is the Foundation's mission to protect land in perpetuity, a significant portion of its approximate \$25,260,400 in real property assets is in protected land as reflected in the following chart:

	Acres	Value
Conservation Easement Properties:		
Casey Key Waterfront	0.70	\$ 1.00
Manasota Key Waterfront	0.97	1.00
Pine Island Preserve**	**	1.00
Manatee River Waterfront	0.41	1.00
Robinson Preserve Expansion	149.18	1.00
Johnson Preserve at Braden River	32.38	1.00
Johnson Preserve at Braden River - Bergstresser	11.44	1.00
Tatum Sawgrass Conservation Area	25.00	1.00
Pepper Ranch Preserve	1,510.00	1.00
Doing Good, LLC.	84.60	1.00
Felts Audubon Preserve	28.05	1.00
Celery Fields Quad Parcel	33.60	1.00
Subtotal	1,876.33	12.00
Fee Properties		
Pine Island Preserve	207.00	8,046,135
Pine Island Preserve **	22.05	22,050
Michael Biehl Park	0.28	407,050
Bay Preserve at Osprey	4.38	6,065,065
Manatee River Waterfront	1.70	345,793
Siesta Key Preserve	1.21	4,805,000
Upper Myakka Preserve	65.85	6,800
Tatum Sawgrass Scrub Preserve	37.80	435,000
Myakka Headwaters Preserve	362.30	1,280,524
Subtotal**	702.57	21,413,417
Total Land Protected in Perpetuity **	2,578.90	21,413,429
Trade Land Fee Properties		
Tarpon Point Landing - Myakka River	1.30	103,973
Total Land		\$ 21,517,402

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2021 and 2020

1. Organization (Continued)

* Total Pine Island Preserve property protected both by a conservation easement and owned in fee of 22.05 acres cannot be double-counted. To avoid double-counting, it is included as fee property acreage on audited financial statements and as conservation easement property acreage on Form 990.

2. Summary of Significant Accounting Policies

Financial Statements

The financial statements and notes are representations of the Foundation's management who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Use of Estimates and Assumptions

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 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.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions - net assets that are not subject to donor-imposed stipulations. Quasi-endowment funds and board designated funds, established by the Board of Directors, are classified as net assets without donor restrictions.

Net assets with donor restrictions - net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, these net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Other donor-imposed restrictions are perpetual in nature. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investment for general or specific purposes. In addition, the Foundation records land held for conservation as perpetual in nature.

Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions and grants received with donor and grantor stipulations that limit the use of donated assets are treated as net assets with donor restrictions as determined by the donor. Contributions restricted by the donor for endowment purposes are treated as net assets with donor restrictions, where the fund stays intact in perpetuity.

After receipt of contributions without donor restrictions, the Board, at its discretion, may designate how the contributions are to be expended. Revenue without donor restrictions is recognized when earned.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Donated Materials and Services

The Foundation receives donated legal and consulting services as well as property and improvements. These donations are shown on the accompanying statements of activities as in-kind contributions. The fair market value of the donated services was \$1,590 and \$11,340 for the years ended September 30, 2021 and 2020, respectively.

The Foundation also receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. These services do not meet the criteria for recognition as donated revenue under generally accepted accounting principles, and as a result, no amounts have been recognized in the statement of activities.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. The expenses that are allocated include salaries and wages, benefits, payroll taxes and other expenses for services which are allocated on the basis of estimated time and effort. Depreciation and amortization is allocated based on a square foot analysis.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

Under the Income Taxes Topic of the FASB Accounting Standards Codification, the Foundation has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Foundation.

The Foundation files income tax returns in the U.S. federal jurisdiction. The tax periods open to examination by the major taxing jurisdictions to which the Foundation is subject include fiscal years ended September 30, 2018 through September 30, 2021.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents reserved for future projects or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the statements of cash flows.

Accounts Receivable

The Foundation uses the allowance method to provide for uncollectible accounts receivable. However, an allowance has not been recorded at either September 30, 2021 or 2020 since all accounts receivable are estimated by management to be collectible.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Land, Buildings, Improvements and Equipment

Land, buildings, improvements and equipment with values of \$1,000 or more are recorded at cost when purchased or, if donated, at the fair market value at the date of donation and are depreciated using the straight-line method over the assets estimated useful life (5 years for furniture and equipment, 15 years for land improvements, 50 years for buildings, and 15-50 years for building improvements). When property and equipment assets are retired or disposed of, the cost and related accumulated depreciation is removed from the accounts and any gain or loss is reflected in income for that period. The cost of maintenance and repairs is charged to expense as incurred.

Land purchased for the purpose of conservation and protection is classified as land held for conservation in the statements of financial position.

Conservation Easements

Conservation easements are legal documents filed in the official records of the Clerk of Circuit Court in the applicable counties. A conservation easement places legally enforceable, permanent restrictions on the development and other uses of property. Conservation easements are negotiated between the landowner and the Foundation based on the natural characteristics of the property and the wishes of the landowner. By accepting a conservation easement, the Foundation incurs perpetual responsibility in relation to monitoring the property to ensure compliance with the easement and legal costs of enforcement. As of September 30, 2021, the Foundation holds twelve conservation easements consisting of 1,876.33 acres.

Conservation easements, either purchased or donated, are initially valued at their appraised value. When donated, the appraised value is reflected as a contribution in the statements of activities. When purchased, the difference between the purchase price and the appraised value is reflected as a contribution in the statement of activities. Once the development rights for a specific conservation easement are extinguished, generally immediately after acquisition, a valuation allowance is established to reduce the carrying value of the conservation easement to a nominal value of \$1, in order to reflect the lack of marketability of the easement, due to the extinguishment of development rights. The provision for the valuation allowance is included in "Land acquisition program expense" in the statement of functional expenses.

Investments

Investments are reported at their fair value in the statements of financial position, which represents the value at the date of donation or cost on the date of purchase plus reinvested earnings and appreciation or depreciation. Increases and decreases in fair value are recognized in the period in which they occur and the carrying values of the investments are adjusted to reflect these market fluctuations. Gains or losses on securities sold are computed on a specific identification basis. Unrealized and realized gains and losses are netted in the statement of activities.

Financial Instruments Not Measured at Fair Value

The Foundation's financial instruments that are not measured at fair value on a recurring basis but are recorded at amounts that approximate fair value due to their liquid or short-term nature includes cash and cash equivalents, accounts receivable, contributions receivable, cash reserved for future projects, prepaid expenses and other assets, accounts payable, accrued expenses, deferred income, and security deposits.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Accounting Pronouncements Adopted

During the year ended September 30, 2021, the Foundation adopted (ASU) No. 2018-13, *Fair Value Measurement (Topic 820)*. The new guidance removes and/or modifies the disclosure requirements on fair value measurements, specifically the three levels of hierarchy (Levels 1, 2 and 3) that prioritizes the inputs to valuation techniques used to measure fair value and the timing of transfers between levels. The adoption of ASU 2018-13 did not result in any changes to the presentation of the financial statements.

3. Liquidity and Availability

Financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 817,034	\$ 608,816
Accounts receivable	22,268	26,253
Contributions receivable, current portion	144,530	76,655
Cash reserved for future projects	3,163,469	3,053,089
Investments	4,632,339	3,825,670
Total financial assets available within one year	<u>8,779,640</u>	<u>7,590,483</u>
Less: Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	(857,058)	(240,091)
Restricted by donors in perpetuity	(124,640)	(124,640)
Total amounts unavailable for general expenditures within one year	<u>(981,698)</u>	<u>(364,731)</u>
Amounts unavailable to management without Board approval:		
Board designated for quasi-endowment	(4,467,552)	(3,869,107)
Board designated for future projects	(3,142,611)	(3,039,970)
Total amounts unavailable to management without Board approval	<u>(7,610,163)</u>	<u>(6,909,077)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 187,779</u>	<u>\$ 316,675</u>

The Foundation manages its liquid assets in accordance with regular budgeting processes developed through the coordinated efforts of management and the Board of Directors. Regular reporting by management to those charged with governance ensures the results from operating activities are monitored closely.

As of September 30, 2021 and 2020, the board-designated endowment of \$4,467,552 and \$3,869,107, respectively, is subject to an annual spending rate of generally 4% of the fund's balance. As of September 30, 2021 and 2020, the Foundation's board designated for future projects totals \$3,142,611 and \$3,039,970, respectively. Although the Foundation does not intend to spend from these board-designated amounts (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2021 and 2020

4. Land, Buildings, Improvements and Equipment

Land, buildings, improvements, and equipment consisted of the following at September 30:

	2021	2020
Land	\$ 103,973	\$ 103,973
Furniture, fixtures and equipment	98,996	90,122
Buildings and improvements	3,971,374	3,947,376
Land improvements	133,179	131,349
Construction in progress	796,550	765,395
	5,104,072	5,038,215
Less: accumulated depreciation	(1,257,066)	(1,140,407)
Total land, buildings, improvements and equipment, net	\$ 3,847,006	\$ 3,897,808

Depreciation expense for the years ended September 30, 2021 and 2020 was \$116,658 and \$117,936, respectively.

The Foundation leases land to a local government for a nominal fee to be used as a park.

5. Contributions Receivable, Net

Contributions receivable are summarized as follows at September 30:

	2021	2020
Unconditional promises expected to be collected in:		
Less than one year	\$ 144,530	\$ 76,655
One year to five years	12,000	32,000
Total unconditional promises	156,530	108,655
Less discounts to net present value (at 5%)	(203)	(203)
Total contributions receivable, net	\$ 156,327	\$ 108,452

No allowance for uncollectible contributions was determined to be necessary for the years ended September 30, 2021 and 2020.

The Foundation has received conditional promises of bequest from donors which, if received, would generally be restricted for specific purposes stipulated by the donors. It is not practical to estimate the net realizable value of such promises.

6. Investments

Investments consisted of the following as of September 30:

	2021		2020	
	Cost	Market Value	Cost	Market Value
Equities	\$ 592,186	\$ 610,483	\$ 255,226	\$ 287,660
Mutual funds	3,359,521	4,021,856	3,010,433	3,538,010
Total investments	\$ 3,951,707	\$ 4,632,339	\$ 3,265,659	\$ 3,825,670

Interest and dividend income, net of investment fees and expenses for the years ended September 30, 2021 and 2020 totaled \$116,932 and \$119,290, respectively. Realized and unrealized gain on investments for the year ended September 30, 2021 consisted of net realized gains of \$549,247 and net unrealized gains of \$120,624. Realized and unrealized gain on investments for the year ended September 30, 2020 consisted of net realized losses of \$31,887 and net unrealized gains of \$255,807.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2021 and 2020

7. Fair Value of Financial Assets and Liabilities

The Foundation values certain assets in accordance with the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. This Topic provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

The following table presents information about the classes of assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2021 and 2020, and indicates the fair value hierarchy of the valuation techniques used to determine fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 - quoted market prices in active markets for identical assets or liabilities, such as publicly traded equity securities.

Level 2 - inputs, other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.), or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability (for example, certain hedge funds, private equity and other). The inputs reflect the Foundation's assumptions based on the best information available in the circumstance.

Description	September 30, 2021	Level 1	Level 2	Level 3
Assets at Fair Value:				
Investments:				
Equities: Exchange traded	\$ 610,483	\$ 610,483	\$ -	\$ -
Mutual funds:				
Equities	3,105,211	3,105,211	-	-
Fixed income	916,645	916,645	-	-
Total mutual funds	4,021,856	4,021,856	-	-
Total investments at fair value	\$ 4,632,339	\$ 4,632,339	\$ -	\$ -

Description	September 30, 2020	Level 1	Level 2	Level 3
Assets at Fair Value:				
Investments:				
Equities: Exchange traded	\$ 287,660	\$ 287,660	\$ -	\$ -
Mutual funds:				
Equities	2,694,539	2,694,539	-	-
Fixed income	843,471	843,471	-	-
Total mutual funds	3,538,010	3,538,010	-	-
Total investments at fair value	\$ 3,825,670	\$ 3,825,670	\$ -	\$ -

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2021 and 2020

8. Note Payable

Payroll Protection Program Loan

On April 20, 2020, the Foundation qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act for an aggregate principal amount of \$136,070 (the PPP Loan). The PPP Loan bore interest at a fixed rate of 1.0% per annum, with the first six months of payments deferred, had a term of two years, and was unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan was subject to forgiveness under the Paycheck Protection Program upon the Foundation's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program. During the year ended September 30, 2021, the PPP Loan for \$136,070 was forgiven and recorded on the statement of activities under grant revenue.

On March 16, 2021, the Foundation qualified for and received a loan pursuant to the Paycheck Protection Program Second Draw Loan ("Second Draw PPP Loan") for an aggregate principal amount of \$162,956. The loan bears interest at a fixed rate of 1.0% per annum, with the first ten months deferred, and has a term of five years, and is unsecured and guaranteed by the SBA. The principal amount of the Second Draw PPP Loan is subject to forgiveness under the PPP upon the Foundation's request to the extent that the second draw PPP Loan proceeds are used to pay expenses permitted by the PPP. The Foundation intends to apply for forgiveness of the Second Draw PPP Loan with respect to these covered expenses. To the extent that all or part of the Second Draw PPP Loan is not forgiven, the Foundation will be required to pay interest on the Second Draw PPP Loan at a rate of 1.0% per annum, and commencing on July 16, 2022, principal and interest payments will be required through the maturity date of June 16, 2027.

The Foundation has recorded the PPP Loans described above in accordance with ASC 470, *Debt*. The PPP Loans are included in note payable on the statement of financial position. The proceeds will remain as debt until either: 1) the loan has been forgiven and the Foundation has been legally released of the obligation, in whole or part; or 2) the Foundation pays off the loan. If the PPP Loan is forgiven, the Foundation will reduce the liability and record revenue on the statement of activities. The loan balance has been recorded under long-term liabilities. The Foundation expects the loan to be forgiven during the year ended September 30, 2022.

Future maturities of note payable at September 30, 2021 are as follows:

Year ending June 30:		
2023	\$	32,028
2024		32,345
2025		32,669
2026		32,998
Thereafter		32,916
Total	\$	<u>162,956</u>

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2021 and 2020

9. Employee Retention Tax Credit

Under the provisions of the extension of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) passed by the United States Congress and signed by the President, the Foundation is eligible for a refundable employee retention credit subject to certain criteria. The Foundation has recorded the employee retention credit in accordance with *ASC 958-605 Not-for-Profit Entities Revenue Recognition*, where the employee retention credit is accounted for as a conditional contribution. In order to claim the credit, the Foundation is required to meet certain conditions. When those conditions are met, the refund is recorded in prepaid expenses and other assets on the accompanying Statement of Financial Position, as well as grant revenue on the accompanying Statement of Activities. For the year ended September 30, 2021, the Foundation recognized employee retention credits totaling \$164,589. The Foundation has filed for refunds of the employee retention credit and, as of the date of this report, has not received any refunds and cannot reasonably estimate when it will receive any or all of the refunds.

10. Concentration of Credit Risk

The Foundation places its cash and cash equivalents with high credit quality financial institutions. During the year, the Foundation may have deposits with financial institutions, which exceed FDIC insurance limits. The Foundation has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

11. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of September 30:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Contributions and grants receivable	\$ 156,327	\$ 108,452
Other programs	654,273	131,639
Endowment earnings - restricted for land stewardship	46,458	-
Total purpose restrictions	<u>857,058</u>	<u>240,091</u>
Perpetual in nature:		
Donor restricted endowment for land stewardship	124,640	124,640
Land held for conservation	21,413,429	21,413,428
Total perpetual in nature	<u>21,538,069</u>	<u>21,538,068</u>
Total net assets with donor restrictions	<u>\$ 22,395,127</u>	<u>\$ 21,778,159</u>

12. Net Assets Released From Restrictions

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by the donor are as follows during the year ended September 30:

	<u>2021</u>	<u>2020</u>
Expenditures for Orange Hammock Ranch	\$ -	1,395,692
Expenditures for Celery Fields Quad Project	70,608	-
Expenditures for other programs	275,876	184,070
Total net assets released from restrictions	<u>\$ 346,484</u>	<u>\$ 1,579,762</u>

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2021 and 2020

13. Board Designated Net Assets

Board designated net assets at September 30 are broken out as follows:

	2021	2020
Quasi-endowments	\$ 4,467,552	\$ 3,869,107
Pine Island park development and stewardship	1,391,259	1,352,049
Bay Preserve capital	30,835	19,700
Board Designated Capital Reserve Fund	347,828	355,730
Operating reserve	565,908	565,197
Land acquisition fund	806,781	747,294
Total board designated net assets	\$ 7,610,163	\$ 6,909,077

14. Endowment Funds

The Foundation's endowment consists of funds established for a variety of purposes. Its endowment includes both donor restricted endowment funds and funds designated by the Board to function as endowments (quasi-endowments). As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

Interpretation of Relevant Law

The Foundation's Board has interpreted the Uniform Prudent Management of Institutional Funds (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies donor restricted endowment funds as (a) the original value of gifts donated to the perpetual endowment, and (b) the original value of subsequent gifts to the perpetual endowment. The remaining portion of the donor restricted endowment fund that is not classified as perpetual in nature is classified as purpose restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment Net Asset Composition

As of September 30, 2021, endowment funds are broken out as follows:

	Without Donor Restrictions	With Donor Restrictions
Endowment funds without donor restrictions:		
General Quasi-Endowment Fund	\$ 1,958,737	\$ -
Bay Preserve Quasi-Endowment Fund	828,733	-
Stewardship Fund	350,670	-
Pine Island Preserve at Matlacha Pass Quasi-Endowment Fund	1,329,412	-
Endowment funds with donor restrictions:		
Endowment earnings - restricted for land stewardship	-	46,458
Purpose restricted	-	93,500
Perpetual in nature	-	124,640
Total endowment funds	\$ 4,467,552	\$ 264,598

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2021 and 2020

14. Endowment Funds (Continued)

As of September 30, 2020, endowment funds are broken out as follows:

	Without Donor Restrictions	With Donor Restrictions
Endowment funds without donor restrictions:		
General Quasi-Endowment Fund	\$ 1,697,013	\$ -
Bay Preserve Quasi-Endowment Fund	717,981	-
Stewardship Fund	302,344	-
Pine Island Preserve at Matlacha Pass Quasi-Endowment Fund	1,151,769	-
Endowment funds with donor restrictions:		
Perpetual in nature	-	124,640
Total endowment funds	\$ 3,869,107	\$ 124,640

Change in Endowment Net Assets

Changes in endowment net assets for the year ended September 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, October 1, 2020	\$ 3,869,107	\$ 124,640	\$ 3,993,747
Endowment investment return:			
Interest and dividends	130,828	7,415	138,243
Realized and unrealized gain, net	629,610	40,261	669,871
Total endowment investment return	760,438	47,676	808,114
Contributions	-	-	-
Account fees	(21,840)	(1,218)	(23,058)
Transfers	-	93,500	93,500
Distributions to the Foundation	(140,153)	-	(140,153)
Appropriation of endowment for expenditure	-	-	-
Net other endowment activity	(161,993)	92,282	(69,711)
Endowment net assets, September 30, 2021	\$ 4,467,552	\$ 264,598	\$ 4,732,150

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2021 and 2020

14. Endowment Funds (Continued)

Changes in endowment net assets for the year ended September 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, October 1, 2019	\$ 3,685,961	\$ 45,500	\$ 3,731,461
Endowment investment return:			
Interest and dividends	116,114	3,149	119,263
Realized and unrealized gain, net	218,579	5,341	223,920
Total endowment investment return	<u>334,693</u>	<u>8,490</u>	<u>343,183</u>
Contributions	-	79,140	79,140
Account fees	(19,807)	(529)	(20,336)
Distributions to the Foundation	(135,656)	(4,045)	(139,701)
Appropriation of endowment for expenditure	3,916	(3,916)	-
Net other endowment activity	<u>(151,547)</u>	<u>70,650</u>	<u>(80,897)</u>
Endowment net assets, September 30, 2020	<u>\$ 3,869,107</u>	<u>\$ 124,640</u>	<u>\$ 3,993,747</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level classified as donor restricted endowment funds. As of September 30, 2021 and 2020, there were no deficiencies of this nature reported in net assets with donor restrictions.

Return Objectives, Strategies Employed for Achieving Objectives, and Risk Parameters

The Foundation's investment objectives are the preservation of the portfolio's capital and the maximization of investment earnings in excess of inflation within acceptable levels of capital market volatility. These objectives are met with investment strategies that consider a long term horizon while also considering the short term spending needs of the transferred funds.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's quasi-endowment spending is set annually by the Board after considering the funding needs of current Foundation operations and the desire to preserve the long-term purchasing power of its quasi-endowment funds. Annual distributions of generally 4% from the endowment funds are authorized by the Board based on recommendations of the Finance Committee.

15. Commitments and Contingencies

During the normal course of business, the Foundation may become subject to liens and/or lawsuits. Land trusts, such as the Foundation, are frequently parties to litigation and liens involving their conservation activities. There were no liens and/or lawsuits outstanding as of September 30, 2021 or as of the date of this report.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2021 and 2020

16. Leases

The Foundation has entered into an operating lease agreement for office equipment for \$343 per month for a term of five years, expiring in June 2026.

The future minimum required lease payments under the operating office equipment lease are as follows as of September 30:

2022	\$	4,116
2023		4,116
2024		4,116
2025		4,116
2026		3,087
Total operating lease commitment for equipment	\$	<u>19,551</u>

The Foundation incurred \$1,029 and \$0 in rental expenses for the years ended September 30, 2021 and 2020, respectively. Rental expenses for the office equipment lease are recognized as office expenses on the statement of functional expenses.

17. Retirement Plan

Beginning in January 2012, eligible employees can elect to participate in a 401(k) Safe Harbor Plan. In 2020 and 2019, eligible employees received a matching contribution equal to 100% of salary deferrals that did not exceed 3% of their compensation plus 50% of their salary deferrals between 3% and 5% of their compensation. Total plan contributions for the years ended September 30, 2021 and 2020 were \$25,114 and \$26,536, respectively.

18. Related Party Transactions

From time to time, the Foundation receives donations and promises to give from members of its Board of Trustees or engages in transactions with entities for which board members have a relationship. All board members sign conflict of interest forms, remove themselves from the room during discussion, and abstain from voting on issues where there could be a potential conflict of interest. During the years ended September 30, 2021 and 2020, there were no related party transactions that require disclosure.

19. Line of Credit

The Foundation has a revolving line of credit up to \$150,000 available from a financial institution with a maturity date of February 2022. The interest rate is equal to the Truist Prime Rate minus 0.90% percentage points. The line is secured by the investments the Foundation is holding with the financial institution. There was no outstanding balance on this line of credit as of September 30, 2021 and 2020.

20. Subsequent Events

The Foundation has evaluated all events subsequent to the statement of financial position date of September 30, 2021, through the date these financial statements were available for issuance, February 23, 2022, and has determined that except as noted below, there are no subsequent events that require disclosure under the FASB Accounting Standards Codification.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2021 and 2020

20. Subsequent Events (Continued)

In October of 2021, the Foundation purchased 228 acres of land in Old Miakka for \$4,335,000. The purchase of the property was financed by \$3,100,000 in loans from three board members, an \$800,000 revocable grant, contributions from donors and \$442,000 in funds from cash reserved for future projects. The full balance of the loans, including interest accrued at 2.5% per annum, are due and payable within 30 days of the sale of the Old Miakka property or 180 days from the date of the note, whichever is greater. The \$800,000 revocable grant repayment is due to the grantor on March 1, 2022. In December of 2021, the Foundation sold 228 acres of land in Old Miakka property to Sarasota County for \$4,335,000. The proceeds of the sale were used to repay board members and refund cash reserved for future projects.