

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

Financial Statements and  
Independent Auditor's Report  
September 30, 2022 and 2021

# Contents

	<b>Page</b>
<b>Independent Auditor's Report</b> .....	<b>1</b>
<b>Financial Statements</b>	
Statements of Financial Position .....	3
Statement of Activities - 2022.....	4
Statement of Activities - 2021 .....	5
Statement of Functional Expenses - 2022 .....	6
Statement of Functional Expenses - 2021 .....	7
Statements of Cash Flows.....	8
Notes to Financial Statements .....	9

## **Independent Auditor's Report**

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

### **Opinion**

We have audited the accompanying financial statements of Conservation Foundation of the Gulf Coast, Inc. (the Foundation) (a non-profit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

### **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

*Kukuing Barbunio & Co.*

Sarasota, Florida  
April 7, 2023

# Conservation Foundation of the Gulf Coast, Inc.

Statements of Financial Position

September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,264,918	\$ 817,034
Accounts receivable	10,966	22,268
Contributions receivable, current portion	169,858	144,530
Prepaid expenses and other assets	240,576	237,520
Total current assets	<u>1,686,318</u>	<u>1,221,352</u>
Contributions receivable, net of current portion	31,797	11,797
Cash reserved for future projects	3,390,477	3,163,469
Investments	3,510,037	4,632,339
Land, buildings, improvements and equipment, net	3,944,962	3,847,006
Land held for conservation	<u>21,431,331</u>	<u>21,413,429</u>
Total Assets	<u>\$ 33,994,922</u>	<u>\$ 34,289,392</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable	\$ 119,035	\$ 125,761
Accrued expenses	62,362	68,741
Deferred income	101,707	97,875
Security deposits	18,100	14,500
Total current liabilities	<u>301,204</u>	<u>306,877</u>
Note payable	<u>-</u>	<u>162,956</u>
Total Liabilities	<u>301,204</u>	<u>469,833</u>
Net Assets:		
Without donor restrictions		
Undesignated	4,573,522	3,814,269
Board designated	6,588,315	7,610,163
Total net assets without donor restrictions	<u>11,161,837</u>	<u>11,424,432</u>
With donor restrictions		
Purpose restricted	975,910	857,058
Perpetual in nature	21,555,971	21,538,069
Total net assets with donor restrictions	<u>22,531,881</u>	<u>22,395,127</u>
Total Net Assets	<u>33,693,718</u>	<u>33,819,559</u>
Total Liabilities and Net Assets	<u>\$ 33,994,922</u>	<u>\$ 34,289,392</u>

See accompanying notes to financial statements.

# Conservation Foundation of the Gulf Coast, Inc.

## Statement of Activities

Year Ended September 30, 2022

(With Summarized Totals For 2021)

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>2022 Total</b>	<b>2021 Total</b>
Revenues, Gains, and Other Support:				
Contributions	\$ 853,506	\$ 1,104,744	\$ 1,958,250	\$ 1,480,191
Grants	162,956	-	162,956	302,287
In-kind contributions	5,222,671	15,743	5,238,414	1,590
Program income	103,009	-	103,009	94,082
Interest and dividend income, net of fees	192,790	10,901	203,691	116,932
Realized and unrealized gain on investments, net	(945,939)	(56,460)	(1,002,399)	669,871
Special events revenue, net of direct costs of \$263,923 and \$28,775 respectively	479,593	-	479,593	130,407
Extinguishment of land held for conservation easement	-	3	3	1
Loss on sale of property	(46,191)	-	(46,191)	-
Net assets released from restrictions	938,177	(938,177)	-	-
Total revenues, gains, and other support	6,960,572	136,754	7,097,326	2,795,361
Expenses:				
Program expenses	6,818,515	-	6,818,515	1,344,998
Management and general	61,842	-	61,842	46,321
Fundraising	342,810	-	342,810	223,929
Total program expenses	7,223,167	-	7,223,167	1,615,248
Change in net assets	(262,595)	136,754	(125,841)	1,180,113
Net assets, beginning of year	11,424,432	22,395,127	33,819,559	32,639,446
Net assets, end of year	\$ 11,161,837	\$ 22,531,881	\$ 33,693,718	\$ 33,819,559

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 2022)

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2021 Total</u>	<u>2022 Total</u>
Revenues, Gains, and Other Support:				
Contributions	\$ 564,826	\$ 915,365	\$ 1,480,191	\$ 1,958,250
Grants	300,659	1,628	302,287	162,956
In-kind contributions	1,590	-	1,590	5,238,414
Program income	94,082	-	94,082	103,009
Interest and dividend income, net of fees	110,735	6,197	116,932	203,691
Realized and unrealized gain on investments, net	629,610	40,261	669,871	(1,002,399)
Special events revenue, net of direct costs of \$28,775 and \$263,923 respectively	130,407	-	130,407	479,593
Extinguishment of land held for conservation easement	-	1	1	3
Loss on sale of property	-	-	-	(46,191)
Net assets released from restrictions	346,484	(346,484)	-	-
Total revenues, gains, and other support	<u>2,178,393</u>	<u>616,968</u>	<u>2,795,361</u>	<u>7,097,326</u>
Expenses:				
Program expenses	1,344,998	-	1,344,998	6,818,515
Management and general	46,321	-	46,321	61,842
Fundraising	223,929	-	223,929	342,810
Total program expenses	<u>1,615,248</u>	<u>-</u>	<u>1,615,248</u>	<u>7,223,167</u>
Change in net assets	563,145	616,968	1,180,113	(125,841)
Net assets, beginning of year	<u>10,861,287</u>	<u>21,778,159</u>	<u>32,639,446</u>	<u>33,819,559</u>
Net assets, end of year	<u>\$ 11,424,432</u>	<u>\$ 22,395,127</u>	<u>\$ 33,819,559</u>	<u>\$ 33,693,718</u>

See accompanying notes to financial statements.

## Conservation Foundation of the Gulf Coast, Inc.

Statement of Functional Expenses  
Year Ended September 30, 2022  
(With Summarized Totals For 2021)

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2022 Total</u>	<u>2021 Total</u>
Expenses:					
Fees	\$ 9,467	\$ -	\$ -	\$ 9,467	\$ 6,097
Office expense	9,889	-	-	9,889	6,483
Bank/finance charges	11,776	-	2	11,778	1,330
IT and software	26,577	3,518	14,156	44,251	31,773
Supplies	59,407	-	937	60,344	17,215
Donor cultivation	1,273	-	2,167	3,440	1,533
Taxes-Property	5,547	-	-	5,547	11,190
Utilities	11,902	-	-	11,902	12,138
Licenses & Permits	488	-	-	488	495
Dues, subscriptions, books, memberships	8,919	-	1,030	9,949	17,253
Advisors expense	2,541	-	-	2,541	-
Telephone	11,835	-	1,939	13,774	12,099
Merchant processing	422	-	7,782	8,204	3,377
Advertising/promotion	14,785	-	-	14,785	20,072
Lawn/grounds maintenance	28,178	-	-	28,178	30,765
Building maintenance	22,953	-	-	22,953	14,463
Miscellaneous	12,178	-	9,100	21,278	10,370
Personnel	884,047	8,422	288,832	1,181,301	964,920
Depreciation & amortization	98,447	1,435	3,642	103,524	116,658
Professional fees	221,657	44,977	1,100	267,734	227,026
Publications	36,714	-	8,046	44,760	45,912
Staff travel, training, & conferences	44,849	-	4,077	48,926	10,470
Liability & other insurance	71,301	-	-	71,301	53,608
Land acquisition program expense	5,223,363	-	-	5,223,363	1
In-kind expenses	-	3,490	-	3,490	-
Total expenses	<u>\$ 6,818,515</u>	<u>\$ 61,842</u>	<u>\$ 342,810</u>	<u>\$ 7,223,167</u>	<u>\$ 1,615,248</u>

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 2022)

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2021 Total</u>	<u>2022 Total</u>
Expenses:					
Fees	\$ 6,097	\$ -	\$ -	\$ 6,097	\$ 9,467
Office expense	6,483	-	-	6,483	9,889
Bank/finance charges	866	-	464	1,330	11,778
IT and software	18,300	174	13,299	31,773	44,251
Supplies	16,736	-	479	17,215	60,344
Donor cultivation	1,037	-	496	1,533	3,440
Taxes-Property	11,190	-	-	11,190	5,547
Utilities	12,138	-	-	12,138	11,902
Licenses & Permits	495	-	-	495	488
Dues, subscriptions, books, memberships	16,888	-	365	17,253	9,949
Advisors expense	-	-	-	-	2,541
Telephone	10,324	434	1,341	12,099	13,774
Merchant processing	1,327	-	2,050	3,377	8,204
Advertising/promotion	20,072	-	-	20,072	14,785
Lawn/grounds maintenance	30,765	-	-	30,765	28,178
Building maintenance	14,463	-	-	14,463	22,953
Miscellaneous	7,575	123	2,672	10,370	21,278
Personnel	772,565	8,632	183,723	964,920	1,181,301
Depreciation & amortization	116,658	-	-	116,658	103,524
Professional fees	180,168	36,958	9,900	227,026	267,734
Publications	37,358	-	8,554	45,912	44,760
Staff travel, training, & conferences	9,884	-	586	10,470	48,926
Liability & other insurance	53,608	-	-	53,608	71,301
Land acquisition program expense	1	-	-	1	5,223,363
In-kind expenses	-	-	-	-	3,490
Total expenses	<u>\$ 1,344,998</u>	<u>\$ 46,321</u>	<u>\$ 223,929</u>	<u>\$ 1,615,248</u>	<u>\$ 7,223,167</u>

See accompanying notes to financial statements.

## Conservation Foundation of the Gulf Coast, Inc.

Statements of Cash Flows  
Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ <u>(125,841)</u>	\$ <u>1,180,113</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	103,524	116,658
Realized and unrealized gain on investments, net	1,002,399	(669,871)
PPP Loan forgiveness	(162,956)	(136,070)
In-kind donation of land held for conservation	(15,743)	-
Loss on sale of property	46,191	-
Change in operating assets:		
Accounts receivable	11,302	3,985
Contributions receivable	(45,328)	(47,875)
Prepaid expenses and other assets	(3,056)	(186,083)
Change in operating liabilities:		
Accounts payable	(6,726)	60,455
Accrued expenses	(6,382)	2,344
Deferred income	3,832	27,638
Security deposits	3,600	7,000
Total adjustments	<u>930,657</u>	<u>(821,819)</u>
Net cash provided by operating activities	<u>804,816</u>	<u>358,294</u>
Cash Flows from Investing Activities:		
Purchases of investments	(787,237)	(2,946,517)
Proceeds from sales of investments	907,140	2,809,719
Purchase of land held for conservation	(2,159)	-
Purchase of MAG B property	(4,350,839)	-
Proceeds from sale of MAG B property	4,304,648	-
Purchase of land, buildings, improvements, and equipment	<u>(201,477)</u>	<u>(65,854)</u>
Net cash used in investing activities	<u>(129,924)</u>	<u>(202,652)</u>
Cash flows from financing activities		
Change in cash reserved for future projects	(227,008)	(110,380)
Proceeds from note payable	3,901,500	162,956
Payments on notes payable	<u>(3,901,500)</u>	-
Net cash provided by (used in) financing activities	<u>(227,008)</u>	<u>52,576</u>
Net change in cash and cash equivalents	447,884	208,218
Cash and cash equivalents, beginning of year	817,034	608,816
Cash and cash equivalents, end of year	\$ <u>1,264,918</u>	\$ <u>817,034</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ <u>10,776</u>	\$ <u>-</u>

See accompanying notes to financial statements.

# Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements

September 30, 2022 and 2021

## 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 \$25,376,300 in real property assets is in protected land as reflected in the following chart:

Conservation Easement Properties:	<u>Acres</u>	<u>Value</u>
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 Preservation Area	25.00	1.00
Pepper Ranch Preserve	1,510.00	1.00
Resilient Retreat	84.60	1.00
Felts Audubon Preserve	28.50	1.00
Celery Fields - Quad Parcels	33.60	1.00
Bobby Jones Golf Course	307.28	1.00
Braden River – Garst	14.38	1.00
Celery Fields – Kelly Trust	48.40	1.00
Subtotal	<u>2,246.84</u>	<u>15.00</u>
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	38.74	435,000
Myakka Headwaters Preserve	362.30	1,280,524
Naples C.R.E.W. – Lichtefield	10.00	8,665
Naples C.R.E.W. – Pare	10.00	9,234
Subtotal**	<u>723.51</u>	<u>21,431,316</u>
Total Land Protected in Perpetuity **	<u>2,970.35</u>	<u>21,431,331</u>

# Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2022 and 2021

## I. Organization (Continued)

Trade Land Fee Properties

Tarpon Point Landing - Myakka River

1.30

103,973

Total Land

\$ 21,535,304

\* 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 which 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.

# Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2022 and 2021

---

## 2. Summary of Significant Accounting Policies (Continued)

### Revenue Recognition (Continued)

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.

### 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 \$1,670 and \$1,590 for the years ended September 30, 2022 and 2021, respectively. In-kind contributions are recorded at fair value using current rates normally charged to consumers for similar services.

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, 2019 through September 30, 2022.

### 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.

# Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2022 and 2021

---

## 2. Summary of Significant Accounting Policies (Continued)

### 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, 2022 or 2021 since all accounts receivable are estimated by management to be collectible.

### 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.

The Foundation received \$15,743 in donations of land held for conservation during the year-ended September 30, 2022. The contribution of land is recognized under in-kind contributions on the Statement of Activities. The land was valued at the assessed value as determined by the county appraiser's office.

### 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, 2022, the Foundation holds fifteen conservation easements consisting of 2,246.84 acres.

Conservation easements, either purchased or donated, are initially valued at their appraised value or assessed value. When donated, the appraised value is reflected as a contribution in the Statements of Activities. The value of conservation easements not determined by appraisal is determined by using the County Appraiser's assessed value of the land, discounted by 50%, which the Foundation determines is consistent with standards within the industry and experience in local conservation easement projects. When purchased, the difference between the purchase price and the appraised value is reflected as an in-kind 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.

The Foundation received \$5,221,000 in donations of conservation easements during the year-ended September 30, 2022.

# Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2022 and 2021

## 2. Summary of Significant Accounting Policies (Continued)

### 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.

### Accounting Pronouncements Adopted

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which was adopted by the Foundation for the year ended September 30, 2022. The ASU requires a not-for-profit entity to present contributed nonfinancial assets in the Statement of Activities as a line item that is separate from contributions of cash or other financial assets and requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The adoption of this update did not have a material impact on the financial statements of the Foundation.

## 3. Liquidity and Availability

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,264,918	\$ 817,034
Accounts receivable	10,966	22,268
Contributions receivable, current portion	169,858	144,530
Cash reserved for future projects	3,390,477	3,163,469
Investments	<u>3,510,037</u>	<u>4,632,339</u>
Total financial assets available within one year	<u>8,346,256</u>	<u>8,779,640</u>
Less: Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	(975,910)	(857,058)
Restricted by donors in perpetuity	<u>(124,640)</u>	<u>(124,640)</u>
Total amounts unavailable for general expenditures within one year	<u>(1,100,550)</u>	<u>(981,698)</u>
Amounts unavailable to management without Board approval:		
Board designated for quasi-endowment	(3,590,445)	(4,467,552)
Board designated for future projects	<u>(2,997,870)</u>	<u>(3,142,611)</u>
Total amounts unavailable to management without Board approval	<u>(6,588,315)</u>	<u>(7,610,163)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 657,391</u>	<u>\$ 187,779</u>

# Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2022 and 2021

### 3. Liquidity and Availability (Continued)

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, 2022 and 2021, the board-designated endowment of \$3,590,445 and \$4,467,552, respectively, is subject to an annual spending rate of generally 4% of the fund's balance. As of September 30, 2022 and 2021, the Foundation's board designated for future projects totals \$2,997,870 and \$3,142,611, 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.

### 4. Land, Buildings, Improvements and Equipment

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

	<u>2022</u>	<u>2021</u>
Land	\$ 103,973	\$ 103,973
Furniture, fixtures and equipment	111,720	98,996
Buildings and improvements	4,020,223	3,971,374
Land improvements	133,179	133,179
Construction in progress	936,457	796,550
	<u>5,305,552</u>	<u>5,104,072</u>
Less: accumulated depreciation	<u>(1,360,590)</u>	<u>(1,257,066)</u>
Total land, buildings, improvements and equipment, net	<u>\$ 3,944,962</u>	<u>\$ 3,847,006</u>

Depreciation expense for the years ended September 30, 2022 and 2021 was \$103,524 and \$116,658, 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:

	<u>2022</u>	<u>2021</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 169,858	\$ 144,530
One year to five years	32,000	12,000
Total unconditional promises	<u>201,858</u>	<u>156,530</u>
Less: discounts to net present value	<u>(203)</u>	<u>(203)</u>
Total contributions receivable, net	<u>\$ 201,655</u>	<u>\$ 156,327</u>

No allowance for uncollectible contributions was determined to be necessary for the years ended September 30, 2022 and 2021.

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.



# Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2022 and 2021

## 6. Investments

Investments consisted of the following as of September 30:

	2022		2021	
	Cost	Market Value	Cost	Market Value
Equities	\$ 1,123,561	\$ 951,540	\$ 592,186	\$ 610,483
Mutual funds	2,680,003	2,558,497	3,359,521	4,021,856
Total investments	<u>\$ 3,803,564</u>	<u>\$ 3,510,037</u>	<u>\$ 3,951,707</u>	<u>\$ 4,632,339</u>

Interest and dividend income, net of investment fees and expenses for the years ended September 30, 2022 and 2021 totaled \$217,459 and \$116,932, respectively. Realized and unrealized gain on investments for the year ended September 30, 2022 consisted of net realized losses of \$28,242 and net unrealized losses of \$974,157. 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.

## 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, 2022 and 2021, 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.

## Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2022 and 2021

### 7. Fair Value of Financial Assets and Liabilities (Continued)

Description	September 30, 2022	Level 1	Level 2	Level 3
<b>Assets at Fair Value:</b>				
Investments:				
Equities: Exchange traded	\$ 951,540	\$ 951,540	\$ -	\$ -
Mutual funds:				
Equities	1,869,916	1,869,916	-	-
Fixed income	688,581	688,581	-	-
Total mutual funds	2,558,497	2,558,497	-	-
Total investments at fair value	\$ 3,510,037	\$ 3,510,037	\$ -	\$ -

Description	September 30, 2021	Level 1	Level 2	Level 3
<b>Assets at Fair Value:</b>				
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	\$ -	\$ -

### 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 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 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. During the year ended September 30, 2023, the PPP Loan for \$162,956 was forgiven and recorded on the Statement of Activities under grant revenue.

The Foundation has recorded the PPP Loans described above in accordance with ASC 470, *Debt*. The PPP Loans were included in note payable on the Statement of Financial Position. The proceeds remained 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.

# Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2022 and 2021

## 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.

As of September 30, 2022 and 2021, the Foundation has \$93,672 and \$164,589, respectively, recorded as a receivable in prepaid expenses and other assets for the Employee Retention Tax Credit.

## 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:

Subject to expenditure for specified purpose:	2022	2021
Contributions and grants receivable	\$ 201,655	\$ 156,327
Other programs	773,356	654,273
Endowment earnings - restricted for land stewardship	899	46,458
Total purpose restrictions	<u>975,910</u>	<u>857,058</u>
Perpetual in nature:		
Donor restricted endowment for land stewardship	124,640	124,640
Land held for conservation	21,431,331	21,413,429
Total perpetual in nature	<u>21,555,971</u>	<u>21,538,069</u>
Total net assets with donor restrictions	\$ <u>22,531,881</u>	\$ <u>22,395,127</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:

	2022	2021
Expenditures for the Land Fund	\$ 385,000	-
Expenditures for Celery Fields Quad Project	161,220	70,608
Expenditures for MAG-B Project	100,400	-
Expenditures for other programs	291,557	275,876
Total net assets released from restrictions	\$ <u>938,177</u>	\$ <u>346,484</u>

## Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2022 and 2021

### 13. Board Designated Net Assets

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

	<b>2022</b>	<b>2021</b>
Quasi-endowments	\$ 3,590,445	\$ 4,467,552
Pine Island park development and stewardship	1,311,011	1,391,259
Bay Preserve capital	29,407	30,835
Board Designated Capital Reserve Fund	320,881	347,828
Operating reserve	575,159	565,908
Land acquisition fund	761,412	806,781
Total board designated net assets	\$ 6,588,315	\$ 7,610,163

### 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, 2022, endowment funds are broken out as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>
Endowment funds without donor restrictions:		
General Quasi-Endowment Fund	\$ 1,574,032	\$ -
Bay Preserve Quasi-Endowment Fund	665,934	-
Stewardship Fund	282,248	-
Pine Island Preserve at Matlacha Pass Quasi-Endowment Fund	1,068,231	-
Endowment funds with donor restrictions:		
Endowment earnings - restricted for land stewardship	-	899
Purpose restricted	-	93,500
Perpetual in nature	-	124,640
Total endowment funds	\$ 3,590,445	\$ 219,039

## Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2022 and 2021

### 14. Endowment Funds (Continued)

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

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>
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	<u>\$ 4,467,552</u>	<u>\$ 264,598</u>

#### *Change in Endowment Net Assets*

Changes in endowment net assets for the year ended September 30, 2022 are as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, October 1, 2021	\$ 4,467,552	\$ 264,598	\$ 4,732,150
Endowment investment return:			
Interest and dividends	205,284	12,175	217,459
Realized and unrealized gain, net	(945,939)	(56,460)	(1,002,399)
Total endowment investment return	<u>(740,655)</u>	<u>(44,285)</u>	<u>(784,940)</u>
Contributions	-	-	-
Account fees	(21,427)	(1,274)	(22,701)
Transfers	-	-	-
Distributions to the Foundation	(115,025)	-	(115,025)
Appropriation of endowment for expenditure	-	-	-
Net other endowment activity	<u>(877,107)</u>	<u>(1,274)</u>	<u>(922,666)</u>
Endowment net assets, September 30, 2022	<u>\$ 3,590,445</u>	<u>\$ 219,039</u>	<u>\$ 3,809,484</u>

## Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2022 and 2021

### 14. Endowment Funds (Continued)

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

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
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

#### *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, 2022 and 2021, 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, 2022 or as of the date of this report.

# Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2022 and 2021

---

## 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:

2023	\$	4,116
2024		4,116
2025		4,116
2026		3,087
Total operating lease commitment for equipment	\$	<u>15,435</u>

The Foundation incurred \$4,116 and \$1,029 in rental expenses for the years ended September 30, 2022 and 2021, 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 2022 and 2021, 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, 2022 and 2021 were \$19,688 and \$25,114, 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 year ended September 30, 2021, there were no related party transactions that require disclosure.

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 in part by \$3,100,000 in loans from three board members. The full balance of the loans, including interest accrued at 2.5% per annum, were due and payable within 30 days of the sale of the Old Miakka property or 180 days from the date of the note, whichever was greater. 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, another lender and refund cash reserved for future projects.

## 19. Line of Credit

The Foundation has a revolving line of credit up to \$150,000 available from a financial institution as of year-end. The line of credit was renewed after year-end as described in Note 20. The interest rate is the greater of 1% or the Prime Rate minus 0.375%. 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, 2022 and 2021.

# Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2022 and 2021

---

## 20. Subsequent Events

The Foundation has evaluated all events subsequent to the statement of financial position date of September 30, 2022, through the date these financial statements were available for issuance, April 7, 2023, and has determined that, except as noted below, there are no subsequent events that require disclosure under the FASB Accounting Standards Codification.

In December 2022, the Foundation renewed its line of credit in the amount of \$1,500,000 with a maturity date of December 2025. The interest rate is the greater of 1% or the Prime Rate minus 0.375%. The line is secured by the investments the Foundation is holding with the financial institution.

In December 2022, the Foundation purchased 2 land parcels as part of its land conservation efforts. The first parcel was a property in Myakka City for \$1,408,228. The second parcel was approximately 8.47 acres of land in Placida, Florida for \$2,695,000. To fund the purchases, the Foundation utilized \$416,000 from the line of credit described above and \$2,696,170 from cash reserved for future projects as shown on the Statement of Financial Position.