

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

Financial Statements and
Independent Auditor's Report
September 30, 2023 and 2022

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Independent Auditor's Report

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

Opinion

We have audited the 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, 2023 and 2022, 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, 2023 and 2022, 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 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
June 10, 2024

Conservation Foundation of the Gulf Coast, Inc.

Statements of Financial Position

September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,064,234	\$ 1,264,918
Accounts receivable	7,186	10,966
Contributions receivable, current portion	279,740	169,858
Prepaid expenses and other assets	138,927	240,576
Total current assets	<u>1,490,087</u>	<u>1,686,318</u>
Contributions receivable, net of current portion	21,797	31,797
Cash and certificates of deposit reserved for future projects	2,728,901	3,390,477
Investments	4,027,828	3,510,037
Land, buildings, improvements and equipment, net	4,045,928	3,944,962
Land held for conservation	<u>22,839,558</u>	<u>21,431,331</u>
Total Assets	<u>\$ 35,154,099</u>	<u>\$ 33,994,922</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 162,255	\$ 119,035
Accrued expenses	52,024	62,362
Deferred income	240,181	101,707
Security deposits	16,450	18,100
Total current liabilities	<u>470,910</u>	<u>301,204</u>
Net Assets:		
Without donor restrictions		
Undesignated	4,746,587	4,573,522
Board designated	5,761,052	6,588,315
Total net assets without donor restrictions	<u>10,507,639</u>	<u>11,161,837</u>
With donor restrictions		
Purpose restricted	1,211,352	975,910
Perpetual in nature	22,964,198	21,555,971
Total net assets with donor restrictions	<u>24,175,550</u>	<u>22,531,881</u>
Total Net Assets	<u>34,683,189</u>	<u>33,693,718</u>
Total Liabilities and Net Assets	<u>\$ 35,154,099</u>	<u>\$ 33,994,922</u>

See accompanying notes to financial statements.

Conservation Foundation of the Gulf Coast, Inc.

Statement of Activities

Year Ended September 30, 2023

(With Summarized Totals For 2022)

	Without Donor Restriction	With Donor Restriction	2023 Total	2022 Total
Revenues, Gains, and Other Support:				
Contributions	\$ 1,028,687	\$ 1,125,101	\$ 2,153,788	\$ 1,958,250
Grants	-	25,569	25,569	162,956
In-kind contributions	246,249	-	246,249	5,238,414
Program income	74,101	-	74,101	103,009
Interest and dividend income, net of fees	101,913	9,818	111,731	203,691
Realized and unrealized gain (loss) on investments, net	324,986	-	324,986	(1,002,399)
Special events revenue, net of direct costs of \$256,875 and \$263,923 respectively	253,952	-	253,952	479,593
Extinguishment of land held for conservation easement	-	-	-	3
Loss on sale of property	(13,268)	-	(13,268)	(46,191)
Net assets released from restrictions	925,046	(925,046)	-	-
Total revenues, gains, and other support	2,941,666	235,442	3,177,108	7,097,326
Expenses:				
Program expenses	1,689,717	-	1,689,717	6,818,515
Management and general	85,066	-	85,066	61,842
Fundraising	412,854	-	412,854	342,810
Total program expenses	2,187,637	-	2,187,637	7,223,167
Change in net assets	754,029	235,442	989,471	(125,841)
Land held for conservation transferred to perpetual in nature	(1,408,227)	1,408,227	-	-
Net assets, beginning of year	11,161,837	22,531,881	33,693,718	33,819,559
Net assets, end of year	\$ 10,507,639	\$ 24,175,550	\$ 34,683,189	\$ 33,693,718

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 2023)

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2022 Total</u>	<u>2023 Total</u>
Revenues, Gains, and Other Support:				
Contributions	\$ 853,506	\$ 1,104,744	\$ 1,958,250	\$ 2,153,788
Grants	162,956	-	162,956	25,569
In-kind contributions	5,222,671	15,743	5,238,414	246,249
Program income	103,009	-	103,009	74,101
Interest and dividend income, net of fees	192,790	10,901	203,691	111,731
Realized and unrealized gain (loss) on investments, net	(945,939)	(56,460)	(1,002,399)	324,986
Special events revenue, net of direct costs of \$263,923 and \$256,875 respectively	479,593	-	479,593	253,952
Extinguishment of land held for conservation easement	-	3	3	-
Loss on sale of property	(46,191)	-	(46,191)	(13,268)
Net assets released from restrictions	938,177	(938,177)	-	-
Total revenues, gains, and other support	<u>6,960,572</u>	<u>136,754</u>	<u>7,097,326</u>	<u>3,177,108</u>
Expenses:				
Program expenses	6,818,515	-	6,818,515	1,689,717
Management and general	61,842	-	61,842	85,066
Fundraising	342,810	-	342,810	412,854
Total program expenses	<u>7,223,167</u>	<u>-</u>	<u>7,223,167</u>	<u>2,187,637</u>
Change in net assets	(262,595)	136,754	(125,841)	989,471
Net assets, beginning of year	<u>11,424,432</u>	<u>22,395,127</u>	<u>33,819,559</u>	<u>33,693,718</u>
Net assets, end of year	<u>\$ 11,161,837</u>	<u>\$ 22,531,881</u>	<u>\$ 33,693,718</u>	<u>\$ 34,683,189</u>

See accompanying notes to financial statements.

Conservation Foundation of the Gulf Coast, Inc.

Statement of Functional Expenses

Year Ended September 30, 2023

(With Summarized Totals For 2022)

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2023 Total</u>	<u>2022 Total</u>
Expenses:					
Fees	\$ 5,214	\$ -	\$ -	\$ 5,214	\$ 9,467
Office expense	8,393	-	-	8,393	9,889
Bank/finance charges	4,587	-	-	4,587	11,778
IT and software	34,837	4,496	16,954	56,287	44,251
Supplies	65,817	-	2,432	68,249	60,344
Donor cultivation	634	-	14,255	14,889	3,440
Taxes - property	6,188	-	-	6,188	5,547
Utilities	15,470	-	-	15,470	11,902
Licenses & Permits	443	-	-	443	488
Dues, subscriptions, books, memberships	15,517	-	1,780	17,297	9,949
Advisors expense	601	-	-	601	2,541
Telephone	13,038	-	1,766	14,804	13,774
Merchant processing	970	-	7,513	8,483	8,204
Advertising/promotion	21,355	-	-	21,355	14,785
Lawn/grounds maintenance	42,842	-	-	42,842	28,178
Building maintenance	26,007	-	150	26,157	22,953
Miscellaneous	18,258	-	1,960	20,218	21,278
Personnel	1,017,546	9,555	317,395	1,344,496	1,181,301
Depreciation & amortization	121,457	1,766	6,252	129,475	103,524
Professional fees	86,193	69,249	10,203	165,645	267,734
Publications	29,040	-	8,701	37,741	44,760
Staff travel, training, & conferences	45,940	-	1,996	47,936	48,926
Liability & other insurance	96,020	-	-	96,020	71,301
Land acquisition program expense	-	-	-	-	5,223,363
Bad debt expense	-	-	20,952	20,952	-
In-kind expenses	13,350	-	545	13,895	3,490
Total expenses	<u>\$ 1,689,717</u>	<u>\$ 85,066</u>	<u>\$ 412,854</u>	<u>\$ 2,187,637</u>	<u>\$ 7,223,167</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 2023)

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2022 Total</u>	<u>2023 Total</u>
Expenses:					
Fees	\$ 9,467	\$ -	\$ -	\$ 9,467	\$ 5,214
Office expense	9,889	-	-	9,889	8,393
Bank/finance charges	11,776	-	2	11,778	4,587
IT and software	26,577	3,518	14,156	44,251	56,287
Supplies	59,407	-	937	60,344	68,249
Donor cultivation	1,273	-	2,167	3,440	14,889
Taxes - property	5,547	-	-	5,547	6,188
Utilities	11,902	-	-	11,902	15,470
Licenses & Permits	488	-	-	488	443
Dues, subscriptions, books, memberships	8,919	-	1,030	9,949	17,297
Advisors expense	2,541	-	-	2,541	601
Telephone	11,835	-	1,939	13,774	14,804
Merchant processing	422	-	7,782	8,204	8,483
Advertising/promotion	14,785	-	-	14,785	21,355
Lawn/grounds maintenance	28,178	-	-	28,178	42,842
Building maintenance	22,953	-	-	22,953	26,157
Miscellaneous	12,178	-	9,100	21,278	20,218
Personnel	884,047	8,422	288,832	1,181,301	1,344,496
Depreciation & amortization	98,447	1,435	3,642	103,524	129,475
Professional fees	221,657	44,977	1,100	267,734	165,645
Publications	36,714	-	8,046	44,760	37,741
Staff travel, training, & conferences	44,849	-	4,077	48,926	47,936
Liability & other insurance	71,301	-	-	71,301	96,020
Land acquisition program expense	5,223,363	-	-	5,223,363	-
Bad debt expense	-	-	-	-	20,952
In-kind expenses	-	3,490	-	3,490	13,895
Total expenses	<u>\$ 6,818,515</u>	<u>\$ 61,842</u>	<u>\$ 342,810</u>	<u>\$ 7,223,167</u>	<u>\$ 2,187,637</u>

See accompanying notes to financial statements.

Conservation Foundation of the Gulf Coast, Inc.

Statements of Cash Flows
Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 989,471	\$ (125,841)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	129,475	103,524
Realized and unrealized (gain) loss on investments, net	(324,986)	1,002,399
PPP Loan forgiveness	-	(162,956)
In-kind donation of land held for conservation	(205,000)	(15,743)
Loss on sale of property	13,268	46,191
Change in operating assets:		
Accounts receivable	3,780	11,302
Contributions receivable	(99,882)	(45,328)
Prepaid expenses and other assets	101,649	(3,056)
Change in operating liabilities:		
Accounts payable	43,223	(6,726)
Accrued expenses	(10,341)	(6,382)
Deferred income	138,474	3,832
Security deposits	(1,650)	3,600
Total adjustments	<u>(211,990)</u>	<u>930,657</u>
Net cash provided by operating activities	<u>777,481</u>	<u>804,816</u>
 Cash Flows from Investing Activities:		
Purchases of investments	(4,249,384)	(787,237)
Proceeds from sales of investments	4,056,583	907,140
Purchase of land held for conservation	(3,909,637)	(4,352,998)
Proceeds from sale of land held for conservation	2,693,138	4,304,648
Purchase of land, buildings, improvements, and equipment	<u>(230,441)</u>	<u>(201,477)</u>
Net cash used in investing activities	<u>(1,639,741)</u>	<u>(129,924)</u>
 Cash flows from financing activities		
Change in cash and certificates of deposit reserved for future projects	661,576	(227,008)
Proceeds from debt	405,213	3,901,500
Payments on debt	<u>(405,213)</u>	<u>(3,901,500)</u>
Net cash provided by (used in) financing activities	<u>661,576</u>	<u>(227,008)</u>
 Net change in cash and cash equivalents	(200,684)	447,884
 Cash and cash equivalents, beginning of year	<u>1,264,918</u>	<u>817,034</u>
Cash and cash equivalents, end of year	<u>\$ 1,064,234</u>	<u>\$ 1,264,918</u>
 Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 4,241</u>	<u>\$ 10,776</u>

See accompanying notes to financial statements.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements

September 30, 2023 and 2022

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 \$26,885,500 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 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	2,246.84	15.00
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	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
Myakka Headwaters Preserve - Lewis	69.47	1,408,227
Subtotal**	792.98	22,839,543
Total Land Protected in Perpetuity **	3,039.82	22,839,558
Trade Land Fee Properties:		
Tarpon Point Landing - Myakka River	1.30	103,973
Total Land	\$ 22,943,531	

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2023 and 2022

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 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.

Contributions restricted by the donor for endowment purposes are treated as net assets with donor restrictions where the fund stays intact in perpetuity.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2023 and 2022

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

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 advertising and design 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 \$41,249 and \$1,670 for the years ended September 30, 2023 and 2022, respectively. In-kind contributions are recorded at fair value using current rates normally charged to consumers for similar services.

During the year ending September 30, 2023, a portion of the sales price for a purchase of land held for conservation totaling \$205,000 was donated to the Foundation. During the year ended September 30, 2022, the Foundation received an in-kind donation of a conservation easement totaling \$5,236,744, which was based off an appraised value.

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, 2020 through September 30, 2023.

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 equivalents and certificates of deposit 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, 2023 and 2022

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, 2023 or 2022 since all accounts receivable are estimated by management to be collectible.

Contributions Receivable

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions, if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions.

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, 2023, 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.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2023 and 2022

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 and certificates of deposit reserved for future projects, prepaid expenses and other assets, accounts payable, accrued expenses, deferred income, and security deposits.

Accounting Pronouncements Adopted

In February 2016, the FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The Foundation adopted Topic 842 on October 1, 2022, using the modified retrospective transition method, which eliminates the requirement to restate the prior-period financial statements. The Foundation made an accounting policy election under Topic 842 not to recognize right-of-use assets and liabilities for leases with a term of 12 months or less. Topic 842 did not have a material impact on the Foundation's 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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,064,234	\$ 1,264,918
Accounts receivable	7,186	10,966
Contributions receivable, current portion	279,740	169,858
Cash and certificates of deposit reserved for future projects	2,728,901	3,390,477
Investments	<u>4,027,828</u>	<u>3,510,037</u>
Total financial assets available within one year	<u>8,107,889</u>	<u>8,346,256</u>
Less: Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	(1,211,352)	(975,910)
Restricted by donors in perpetuity	<u>(124,640)</u>	<u>(124,640)</u>
Total amounts unavailable for general expenditures within one year	<u>(1,335,992)</u>	<u>(1,100,550)</u>
Amounts unavailable to management without Board approval:		
Board designated for quasi-endowment	(3,804,016)	(3,590,445)
Board designated for future projects	<u>(1,957,036)</u>	<u>(2,997,870)</u>
Total amounts unavailable to management without Board approval	<u>(5,761,052)</u>	<u>(6,588,315)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 1,010,845</u>	<u>\$ 657,391</u>

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2023 and 2022

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, 2023 and 2022, the board-designated endowment of \$3,804,016 and \$3,590,445, respectively, is subject to an annual spending rate of generally 4% of the fund's balance. As of September 30, 2023 and 2022, the Foundation's board designated for future projects totals \$1,957,036 and \$2,997,870, 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. Certificates of Deposit

The Foundation has six certificates of deposit that are held at a financial institution that are valued at original cost plus accrued interest. The certificates of deposit have original maturities ranging from three to six months, and interest rates ranging from 5.05% to 5.20%. The Foundation held \$762,365 and \$0 in certificates of deposits as of September 30, 2023 and 2022, respectively. The certificates of deposit are recognized under cash and certificates of deposit reserved for future projects on the accompanying Statement of Financial Position.

5. Land, Buildings, Improvements and Equipment

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

	<u>2023</u>	<u>2022</u>
Land	\$ 103,973	\$ 103,973
Furniture, fixtures and equipment	130,134	111,720
Buildings and improvements	4,043,306	4,020,223
Land improvements	127,710	133,179
Construction in progress	<u>1,130,870</u>	<u>936,457</u>
	5,535,993	5,305,552
Less: accumulated depreciation	<u>(1,490,065)</u>	<u>(1,360,590)</u>
Total land, buildings, improvements and equipment, net	<u>\$ 4,045,928</u>	<u>\$ 3,944,962</u>

Depreciation expense for the years ended September 30, 2023 and 2022 was \$129,475 and \$103,524, respectively.

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

6. Contributions Receivable, Net

Contributions receivable are summarized as follows at September 30:

	<u>2023</u>	<u>2022</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 279,740	\$ 169,858
One year to five years	<u>22,000</u>	<u>32,000</u>
Total unconditional promises	301,740	201,858
Less: discounts to net present value	<u>(203)</u>	<u>(203)</u>
Total contributions receivable, net	<u>\$ 301,537</u>	<u>\$ 201,655</u>

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2023 and 2022

6. Contributions Receivable, Net (Continued)

No allowance for uncollectible contributions was determined to be necessary for the years ended September 30, 2023 and 2022.

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.

7. Investments

Investments consisted of the following as of September 30, 2023:

	2023	
	Cost	Market Value
Common stock	\$ 751,341	\$ 785,386
Exchange traded funds	2,325,832	2,349,379
Fixed income	984,189	893,063
Total investments	<u>\$ 4,061,362</u>	<u>\$ 4,027,828</u>

Investments consisted of the following as of September 30, 2022:

	2022	
	Cost	Market Value
Equities	\$ 1,123,561	\$ 951,540
Mutual funds	2,680,003	2,558,497
Total investments	<u>\$ 3,803,564</u>	<u>\$ 3,510,037</u>

Interest and dividend income, net of investment fees and expenses for the years ended September 30, 2023 and 2022 totaled \$111,731 and \$203,691, respectively. Realized and unrealized gain on investments for the year ended September 30, 2023 consisted of net realized gains of \$64,993 and net unrealized gains of \$259,993. Realized and unrealized losses on investments for the year ended September 30, 2022 consisted of net realized losses of \$28,242 and net unrealized losses of \$974,157.

8. 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, 2023 and 2022, 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 I - quoted market prices in active markets for identical assets or liabilities, such as publicly traded equity securities.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2023 and 2022

8. Fair Value of Financial Assets and Liabilities (Continued)

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, 2023	Level 1	Level 2	Level 3
Assets at Fair Value:				
Investments:				
Common stock	\$ 785,386	\$ 785,386	\$ -	\$ -
Exchange traded funds:				
Equities	2,276,447	2,276,447	-	-
Fixed income	72,932	72,932	-	-
Total exchange traded funds	2,349,379	2,349,379	-	-
Fixed income:				
Government agencies	226,927	-	226,927	-
Corporate bonds	666,136	-	666,136	-
Total fixed income	893,063	-	893,063	-
Total investments at fair value	\$ 4,027,828	\$ 3,134,765	\$ 893,063	\$ -

Description	September 30, 2022	Level 1	Level 2	Level 3
Assets at Fair Value:				
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	\$ -	\$ -

9. Payroll Protection Program

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. During the year ended September 30, 2022, the PPP Loan for \$162,956 was forgiven and recorded on the Statement of Activities under grant revenue.

The Foundation recorded the PPP Loan described above in accordance with ASC 470, *Debt*. 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, 2023 and 2022

10. 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, 2023 and 2022, the Foundation has \$93,672 and \$93,672, respectively, recorded as a receivable in prepaid expenses and other assets for the Employee Retention Tax Credit.

11. 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.

12. 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:	2023	2022
Contributions and grants receivable	\$ 287,579	\$ 201,655
Other programs	913,056	773,356
Endowment earnings - restricted for land stewardship	10,717	899
Total purpose restrictions	<u>1,211,352</u>	<u>975,910</u>
Perpetual in nature:		
Donor restricted endowment for land stewardship	124,640	124,640
Land held for conservation	22,839,558	21,431,331
Total perpetual in nature	<u>22,964,198</u>	<u>21,555,971</u>
Total net assets with donor restrictions	\$ <u>24,175,550</u>	\$ <u>22,531,881</u>

13. 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:

	2023	2022
Expenditures for the Land Fund	\$ 751,017	385,000
Expenditures for Celery Fields Quad Project	48,523	161,220
Expenditures for MAG-B Project	35,136	100,400
Expenditures for other programs	90,370	291,557
Total net assets released from restrictions	\$ <u>925,046</u>	\$ <u>938,177</u>

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2023 and 2022

14. Board Designated Net Assets

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

	2023	2022
Quasi-endowments	\$ 3,804,016	\$ 3,590,445
Pine Island park development and stewardship	704,522	1,311,011
Bay Preserve capital	40,292	29,407
Board Designated Capital Reserve Fund	269,822	320,881
Operating reserve	384,609	575,159
Land acquisition fund	557,791	761,412
Total board designated net assets	\$ 5,761,052	\$ 6,588,315

15. 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, 2023, endowment funds are broken out as follows:

	Without Donor Restrictions	With Donor Restrictions
Endowment funds without donor restrictions:		
General Quasi-Endowment Fund	\$ 1,665,484	\$ -
Bay Preserve Quasi-Endowment Fund	704,490	-
Stewardship Fund	303,952	-
Pine Island Preserve at Matlacha Pass Quasi-Endowment Fund	1,130,090	-
Endowment funds with donor restrictions:		
Endowment earnings - restricted for land stewardship	-	10,717
Purpose restricted	-	93,500
Perpetual in nature	-	124,640
Total endowment funds	\$ 3,804,016	\$ 228,857

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2023 and 2022

15. Endowment Funds (Continued)

As of September 30, 2022, endowment funds are broken out as follows:

	Without Donor Restrictions	With Donor Restrictions
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

Change in Endowment Net Assets

Changes in endowment net assets for the year ended September 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, October 1, 2022	\$ 3,590,445	\$ 219,039	\$ 3,809,484
Endowment investment return:			
Interest and dividends	86,076	5,224	91,300
Realized and unrealized gain, net	307,102	18,718	325,820
Total endowment investment return	393,178	23,942	417,120
Account fees	(21,285)	(1,240)	(22,525)
Distributions to the Foundation	(158,322)	(12,884)	(171,206)
Net other endowment activity	(179,607)	(14,124)	(193,731)
Endowment net assets, September 30, 2023	\$ 3,804,016	\$ 228,857	\$ 4,032,873

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

	Without Donor Restrictions	With Donor Restrictions	Total
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 loss, net	(945,939)	(56,460)	(1,002,399)
Total endowment investment return	(740,655)	(44,285)	(784,940)
Account fees	(21,427)	(1,274)	(22,701)
Distributions to the Foundation	(115,025)	-	(115,025)
Net other endowment activity	(877,107)	(1,274)	(922,666)
Endowment net assets, September 30, 2022	\$ 3,590,445	\$ 219,039	\$ 3,809,484

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2023 and 2022

15. Endowment Funds (Continued)

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, 2023 and 2022, 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.

16. 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, 2023 or as of the date of this report.

During the year ended September 30, 2023, the Foundation elected to act as a self-insurer for insurable risks on wind damages to the Bay Preserve property.

17. 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:

2024	\$	4,116
2025		4,116
2026		3,087
Total operating lease commitment for equipment	\$	<u>11,319</u>

The Foundation incurred \$4,116 and \$4,116 in rental expenses for the years ended September 30, 2023 and 2022, respectively. Rental expenses for the office equipment lease are recognized as office expenses on the Statement of Functional Expenses.

18. Retirement Plan

Beginning in January 2012, eligible employees can elect to participate in a 401(k) Safe Harbor Plan. In 2023 and 2022, 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, 2023 and 2022 were \$40,966 and \$19,688, respectively.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2023 and 2022

19. 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, 2023, 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 during the year ended September 30, 2022.

20. Line of Credit

The Foundation has a revolving line of credit up to \$1,500,000 available from a financial institution 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. There was no outstanding balance on this line of credit as of September 30, 2023 and 2022.

21. Subsequent Events

The Foundation has evaluated all events subsequent to the statement of financial position date of September 30, 2023, through the date these financial statements were available for issuance, June 10, 2024, and has determined that there are no subsequent events that require disclosure under the FASB Accounting Standards Codification.