

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

**SANIBEL-CAPTIVA CONSERVATION  
FOUNDATION, INC.**

June 30, 2019 and 2018

C O N T E N T S

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January 30, 2020

Board of Trustees  
Sanibel-Captiva Conservation Foundation, Inc.  
Sanibel, Florida

Independent Auditor's Report

**Report on the Financial Statements**

We have audited the accompanying financial statements of Sanibel-Captiva Conservation Foundation, Inc. (a nonprofit foundation), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sanibel-Captiva Conservation Foundation, Inc. as of June 30, 2019 and 2018, 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.

## **Change in Accounting Principle**

As described in Note A to the financial statements, Sanibel-Captiva Conservation Foundation, Inc. adopted Financial Accounting Standards Board ASU No. 2016-14 Not-for-Profit Entities (Topic 958)- Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to that matter.

*Hilly Barth & King LLC*  
Certified Public Accountants

STATEMENTS OF FINANCIAL POSITION

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2019 and 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Cash	\$ 1,790,673	\$ 2,102,060
Investments	8,714,293	8,505,751
Reimbursable grant receivables	91,464	50,000
Unconditional promises to give, net	16,489	53,899
Inventory	18,229	17,406
Prepaid insurance	88,469	17,021
Deposit	0	401,094
Land	16,544,611	16,544,611
Property and equipment, net	2,977,259	2,069,929
Construction in progress	0	115,676
Other assets	5,400	5,400
TOTAL ASSETS	<u>\$ 30,246,887</u>	<u>\$ 29,882,847</u>
 <u>LIABILITIES AND NET ASSETS</u>		
 <u>LIABILITIES</u>		
Accounts payable	\$ 13,417	\$ 5,817
Accrued expenses	197,732	186,480
Deferred compensation	0	551,578
Annuity obligations	177,634	186,539
TOTAL LIABILITIES	<u>388,783</u>	<u>930,414</u>
 <u>NET ASSETS</u>		
Without donor restrictions:		
Undesignated	3,734,668	3,312,925
Designated by the board:		
Land preservation	16,106,940	16,061,795
Habitat management	878,841	654,938
Other	5,406,766	5,547,693
	<u>26,127,215</u>	<u>25,577,351</u>
With donor restrictions:		
Time restricted, only for periods after June 30, 2019	427,510	356,439
Purpose restricted	3,303,379	3,018,643
TOTAL NET ASSETS	<u>29,858,104</u>	<u>28,952,433</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 30,246,887</u>	<u>\$ 29,882,847</u>

See accompanying notes to financial statements

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

Years ended June 30, 2019 and 2018

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUE, GAINS AND OTHER SUPPORT</u>			
Contributions	\$ 3,021,023	\$ 110,000	\$ 3,131,023
Native landscapes and garden center sales	193,114	0	193,114
Fund raising events	235,726	0	235,726
Grant revenue	258,189	0	258,189
Interest and dividends	140,106	66,112	206,218
Change in value of investments	329,255	274,951	604,206
Other revenue	23,641	0	23,641
	4,201,054	451,063	4,652,117
Net assets released from restrictions	95,256	(95,256)	0
	4,296,310	355,807	4,652,117
<u>EXPENSES AND LOSSES</u>			
Land acquisition	36,330	0	36,330
Native landscapes and garden center	451,646	0	451,646
Habitat management	670,922	0	670,922
Marine lab	976,227	0	976,227
Environmental education	379,679	0	379,679
Fund raising	149,297	0	149,297
General and administrative	1,072,509	0	1,072,509
Loss on disposition of asset	9,836	0	9,836
	3,746,446	0	3,746,446
	549,864	355,807	905,671
<u>NET ASSETS</u>			
Beginning of year	25,577,351	3,375,082	28,952,433
End of year	\$ 26,127,215	\$ 3,730,889	\$ 29,858,104

See accompanying notes to financial statements

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

Years ended June 30, 2019 and 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUE, GAINS AND OTHER SUPPORT</u>			
Contributions	\$ 2,416,672	\$ 153,631	\$ 2,570,303
Native landscapes and garden center sales	250,301	0	250,301
Fund raising events	227,149	0	227,149
Grant revenue	301,844	0	301,844
Interest and dividends	66,491	41,421	107,912
Change in value of investments	611,116	188,955	800,071
Other revenue	91,972	0	91,972
	<u>3,965,545</u>	<u>384,007</u>	<u>4,349,552</u>
Net assets released from restrictions	165,224	(165,224)	0
	<u>4,130,769</u>	<u>218,783</u>	<u>4,349,552</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT			
<u>EXPENSES AND LOSSES</u>			
Land acquisition	50,824	0	50,824
Native landscapes and garden center	408,305	0	408,305
Habitat management	538,146	0	538,146
Marine lab	708,000	0	708,000
Environmental education	470,057	0	470,057
Fund raising	155,449	0	155,449
General and administrative	947,438	0	947,438
TOTAL EXPENSES	<u>3,278,219</u>	<u>0</u>	<u>3,278,219</u>
INCREASE IN NET ASSETS	852,550	218,783	1,071,333
<u>NET ASSETS</u>			
Beginning of year	24,724,801	3,156,299	27,881,100
End of year	<u>\$ 25,577,351</u>	<u>\$ 3,375,082</u>	<u>\$ 28,952,433</u>

See accompanying notes to financial statements

STATEMENTS OF CASH FLOWS

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

Years ended June 30, 2019 and 2018

	<b>2019</b>	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in net assets	\$ 905,671	\$ 1,071,333
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	306,476	176,507
Change in value of investments	(604,206)	(800,071)
Decrease in settlement receivable	0	860,625
Increase in reimbursable grant revenue receivable	(41,464)	(50,000)
Decrease (increase) in unconditional promises to give	37,410	(29,545)
Decrease (increase) in inventory	(823)	2,737
Decrease (increase) in prepaid insurance	(71,448)	74,044
Decrease in deposit	401,094	0
Increase in accounts payable and accrued expenses	18,852	5,812
Decrease in deferred contributions	0	(62,500)
Decrease in deferred compensation	(551,578)	(5,862)
Decrease in annuity obligations	(8,905)	(7,124)
NET CASH PROVIDED BY OPERATING ACTIVITIES	391,079	1,235,956
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(730,870)	(218,673)
Payments for construction in progress, net of donated services	0	(9,080)
Proceeds from sales of investments	6,492,670	1,670,197
Purchases of investments	(6,464,267)	(3,383,538)
NET CASH USED IN INVESTING ACTIVITIES	(702,467)	(1,941,094)
NET DECREASE IN CASH	(311,387)	(705,138)
<u>CASH</u>		
Beginning of year	2,102,060	2,807,198
End of year	\$ 1,790,673	\$ 2,102,060

See accompanying notes to financial statements

## NOTES TO FINANCIAL STATEMENTS

### **SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2019 and 2018

#### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **General:**

The Sanibel-Captiva Conservation Foundation, Inc. (the Foundation), was formed in 1967 as a Florida not-for-profit corporation and is dedicated to preserving and protecting the natural environment. The Foundation owns approximately 1,800 acres on or surrounding Sanibel, Captiva and Pine Islands, Florida. Its programs include land acquisition, habitat management, water quality monitoring, education, research and consultation.

The Foundation also established a native plant nursery, research and education facility at the Conservation Center in 1979 for the purpose of studying the propagation and care of native plants and makes them available for use by the public for local landscaping. Project activities of the Native Landscapes and Garden Center also include the restoration of disturbed natural areas on Sanibel and Captiva Islands through the eradication of exotic vegetation and the re-establishment of native plant species.

In addition, the Foundation operates a marine laboratory for the purpose of understanding and maintaining the health of the estuarine habitats surrounding Sanibel and Captiva Islands.

##### **Basis of Accounting:**

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

##### **Change in Accounting Principle:**

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 is effective for the Foundation in 2019. Management has adopted ASU 2016-14 as of the year that ended June 30, 2019. As a result of adopting this standard, certain prior year amounts were reclassified to conform to the presentation requirements.

##### Net Assets

ASU 2016-14 decreases the number of net asset classes from three to two. The three classes of net assets used in financial statements of nonprofit organizations (unrestricted, temporarily restricted, and permanently restricted) were replaced with two classes of net assets – net assets with donor restrictions and net assets without donor restrictions. Because the definition of donor-imposed restriction is essentially unchanged, the effect of the change is that temporarily restricted net assets and permanently restricted net assets are combined in the consolidated statement of financial position and the consolidated statement of activities to become the single class of net assets with donor restrictions. Unrestricted net assets are now referred to as net assets without donor restrictions.

##### Analysis of Expenses

ASU 2016-14 requires the presentation of analysis of expenses by functional and natural classifications. The analysis must disaggregate the functional expense classifications (such as major classes of program activities and supporting activities) by their natural expense classifications (such as salaries and benefits, professional services, interest expense, depreciation, and operating expenses). There is no effect to prior year net assets.



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### **SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2019 and 2018

#### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### *Liquidity and Availability*

The ASU 2016-14 also requires qualitative disclosures on how a not-for-profit entity manages its liquid available resources and liquidity risks and quantitative disclosure regarding the availability of a not-for-profit's financial assets at the balance sheet date to meet cash needs for general expenditures.

##### **Financial Statement Presentation:**

The financial statements report resources for accounting purposes as separate classes of net assets based on the existence or absence of donor-imposed restrictions. Net assets that have similar characteristics are combined in the following categories:

- Without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.
- With donor restrictions:
  - Time restricted only - Net assets whose use is subject to donor-imposed stipulations that can be fulfilled by actions pursuant to those stipulations or that expire by the passage of time. When a restriction expires, the time restricted net assets are reclassified to without donor restricted net assets and reported in the statements of activities as net assets released from restrictions.
  - Purpose restricted - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

##### **Cash and Cash Equivalents:**

The Foundation considers highly liquid debt instruments purchased with original maturity dates of three months or less to be cash equivalents.

##### **Investments:**

The Foundation measures its investments in accordance with FASB ASC 820, Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. As such, investments are carried at fair market value, which is based upon quoted market prices at June 30, 2019 and 2018. The increase (decrease) in the market value, interest, dividends and capital gains reinvested in the funds are reflected on the statements of activities and changes in net assets.

##### **Promises to Give:**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions which they depend on are substantially met.

##### **Inventory:**

Native Landscapes and Garden inventory is stated using the retail value method, which approximates fully-absorbed costs.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2019 and 2018

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Land:**

Land purchased by the Foundation is stated at cost. Donated land is stated at fair market value at the date of gift or at tax assessed value when the fair value is not reasonably obtainable. The deeds to certain parcels of land contain restrictions limiting the use of the land to the Foundation's goal of conserving natural resources. Some of the deeds contain revocation clauses which stipulate that the grantor may revoke the Foundation's interest in the property should any deed restriction be violated.

**Property and Equipment:**

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful life of the depreciable assets. The Foundation capitalizes property and equipment with a cost in excess of \$1,500. Expenditures for maintenance and repairs are charged against operations.

**Donated Assets:**

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

**Compensated Absences:**

Employees of the Foundation are entitled to paid vacation and sick time, depending on the length of service. The Foundation accrues for unused vacation pay. Management considers it impracticable to estimate the amount of compensation for unused sick time.

**Annuity Obligations:**

The Foundation enters into annuity arrangements with contributors who desire to support the work of the Foundation. In exchange, the Foundation agrees to pay the donors a set amount of money at an agreed upon interest rate periodically for the life of the donor. The annuity obligations are recorded at the greater of the present value of the stream of periodic payments based on the donors estimated lifespan or the balance of funds contributed by the donor.

**Donations Received:**

Donations received are recorded as without donor restrictions or with donor restrictions within net assets depending on the existence or nature of any donor restrictions. Donations that are restricted by the donor are reported as without donor restricted net assets if the restrictions expire in the fiscal year in which the donations are recognized. When a restriction expires, with donor restricted net assets are reclassified to without donor restricted net assets.

**Donated Services:**

The Foundation recognizes donated services that create or enhance non-financial assets. The Foundation also recognizes donated services for specialized skills that would typically need to be purchased if not acquired by donation provided that the services are performed by individuals possessing those skills. Total volunteer hours were immaterial for the year ended June 30, 2019 and 2018.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2019 and 2018

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Grant Revenue:**

The Foundation has been the recipient of several grants during the years ended June 30, 2019 and 2018. These grants are considered to be on a conditional basis as they depend on the occurrence of a specified future event that binds the promisor. The grants will be recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Such conditional promises as of June 30, 2019 and 2018 totaled \$176,354 and \$87,291, respectively. The grants were awarded for the conduct of various studies of the natural environment.

**Income Taxes:**

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It qualifies for the charitable contribution deduction under Section 170(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

**Use of Estimates:**

The preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications:**

Certain items in the prior year financial statements have been reclassified to conform to the current year presentation. Such reclassifications had no effect on changes in net assets, except for those separately disclosed.

**Functional Allocation of Expenses:**

The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Salaries and wages have been allocated directly to program services and the remaining costs have been allocated to general and administrative costs based on time calculations performed by management.

**Subsequent Events:**

Management evaluated all activity of the Foundation through January 30, 2020, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements or notes except the following. In December 2019, Sanibel-Captiva Conservation Foundation, Inc. (SCCF) joined forces with the Sanibel Sea School, another nonprofit foundation located in Sanibel-Captiva. As of January 1, 2020 the two organizations will blend their missions, and Sanibel Sea School will become SCCF's Education Department. Under one leadership, the hope is that the Foundation will expand its educational offerings and advocacy outreach.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2019 and 2018

**NOTE B - ENDOWMENT**

**General:**

The Foundation's endowment consists of numerous individual funds established for a variety of purposes. The endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law:**

The Board of Trustees of the Foundation has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the various funds
- (2) The purposes of the donor-restricted endowment funds
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and appreciation of investments
- (6) Other resources of the Foundation
- (7) The Foundation's investment policies

**Return Objectives and Risk Parameters:**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under the current policy, as approved by the Board of Trustees, the Foundation has set allocation targets within the following ranges:

- US Equities of 50% - 80%
- International Equities of 0% - 30%; of that Asia Ex-Japan and Emerging Markets should not exceed 10%
- Fixed Income/Taxable Debt of 10% - 40%
- Cash or cash equivalent of 1% - 20%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2019 and 2018

**NOTE B - ENDOWMENT (CONTINUED)**

Managers of the endowment assets such as equities, fixed income and debt instruments will be expected to perform against a single blended benchmark at 70% MSCI All Country World and 30% Barclays Aggregate Bond Index. Cash and cash equivalents will be expected to produce a cumulative annualized total return net-of-fees and commissions that equals or exceeds 90-day T-Bills over rolling three-year periods. Objectives for assets that do not fit exactly in either the equity or fixed income category will be set at the time investment managers are hired and will be based on appropriate capital market indices.

**Strategies Employed for Achieving Objectives:**

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints. Endowment funds are managed both actively and passively and concentrations in one specific stock or fixed income investment must not exceed 10 percent of the value of endowment funds. The Endowment Committee will assess the performance of investment managers over a period of three years.

**Spending Policy and How the Investment Objectives Relate to Spending Policy:**

The Foundation has a policy of appropriating for distribution no less frequently than annually an amount recommended by the endowment committee (currently 5 percent) of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end proceeding the fiscal year in which the distribution is planned. If the total return in a fiscal year is less than 5 percent, distributions may only be taken from principal in the board-restricted endowment funds. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment continued annual growth. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. To ensure adequate cash flow, the Endowment Committee will review and consider the appropriate amount to be held in highly liquid assets each year.

**NOTE C - INVESTMENTS IN MANAGED FUNDS**

The Foundation has entered into agreements for certain investments to be managed by third party investment advisors. Managed investments consist of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Money market funds	\$ 1,014,966	\$ 987,002
Common stock	2,361,893	2,218,874
Preferred stock	85,891	83,903
Foreign stock	447,264	278,259
Mutual funds	4,804,279	4,937,713
	<u>\$ 8,714,293</u>	<u>\$ 8,505,751</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2019 and 2018

**NOTE C - INVESTMENTS IN MANAGED FUNDS (CONTINUED)**

Of the above, Merrill Lynch Consultants Service managed \$304,521, Sanibel Captiva Trust Company managed \$4,472,034, JP Morgan Chase & Co. managed \$3,085,334 and Fidelity Investments managed \$852,404 at June 30, 2019.

Of the above, Merrill Lynch Consultants Service managed \$269,440, Sanibel Captiva Trust Company managed \$5,740,312, and Fidelity Investments managed \$2,495,999 at June 30, 2018.

**NOTE D - FAIR VALUE MEASUREMENTS**

FASB ASC 820, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 – Inputs to the valuation methodology include
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability;
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2019 and 2018:

	Investments at fair value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,014,966	\$ 0	\$ 0	\$ 1,014,966
Preferred stock	85,891	0	0	\$ 85,891
Common stock	2,361,893	0	0	\$ 2,361,893
Foreign stock	447,264	0	0	\$ 447,264
Mutual funds	4,804,279	0	0	\$ 4,804,279
Total assets at fair value	<u>\$ 8,714,293</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,714,293</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2019 and 2018

**NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)**

	Investments at fair value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 987,002	\$ 0	\$ 0	\$ 987,002
Preferred stock	83,903	0	0	\$ 83,903
Common stock	2,218,874	0	0	\$ 2,218,874
Foreign stock	278,259	0	0	\$ 278,259
Mutual funds	4,937,713	0	0	\$ 4,937,713
Total assets at fair value	\$ 8,505,751	\$ 0	\$ 0	\$ 8,505,751

**NOTE E - PROMISES TO GIVE**

Unconditional promises to give consist of the following as of June 30:

	2019	2018
Pledges receivable	\$ 500	\$ 30,500
Native landscapes and garden	15,989	23,399
	16,489	53,899
Less allowance for uncollectible pledges	0	0
	\$ 16,489	\$ 53,899

All receivables outstanding at June 30, 2019 are due within one year. The Foundation has reserved the allowance for uncollectible pledges based on historical collection percentages of specifically identified uncollectible receivables.

**NOTE F - OTHER ASSETS**

Other assets consist of the following donated items as of June 30:

	2019	2018
Original duck stamp print	\$ 4,000	\$ 4,000
Original Havell engraving of Audubon drawing	1,400	1,400
	\$ 5,400	\$ 5,400

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2019 and 2018

**NOTE G - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Buildings	\$ 1,756,127	\$ 1,298,054
Equipment	2,306,031	1,680,307
Tarpon Bay improvements	10,788	10,788
Furniture and fixtures	127,748	131,409
Library	5,597	5,597
Housing	276,417	276,417
Exhibit area	24,791	193,912
Bailey Homestead	759,833	759,833
	<u>5,267,332</u>	<u>4,356,317</u>
Less accumulated depreciation	<u>2,290,073</u>	<u>2,286,388</u>
	<u>\$ 2,977,259</u>	<u>\$ 2,069,929</u>

Depreciation expense is allocated among programs and supporting services classifications. Depreciation expense consists of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Land acquisition	\$ 31,521	\$ 34,896
Native landscapes and garden	6,910	488
Habitat management	79,387	46,838
Marine lab	143,366	54,576
Environmental education	15,316	11,592
General and administrative	29,976	28,117
	<u>\$ 306,476</u>	<u>\$ 176,507</u>

**NOTE H - CHARITABLE GIFT ANNUITIES**

The Foundation has entered into annuity agreements with five contributors. Annuity obligations are recorded at the present value of expected future payments based on the IRS mortality tables and the prevailing interest rate. As of June 30, 2019 and 2018, the balance of invested funds and related annuity obligations totaled \$177,634 and \$186,539, respectively. The present value of future payment liabilities on these deferred gift annuity agreements as of June 30, 2019 and 2018 is \$79,575 and \$87,534, respectively. On October 20, 2010, the Board of Trustees voted to suspend the offering of annuity agreements. No annuity agreements were executed for the years ended June 30, 2019 and 2018.



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2019 and 2018

**NOTE I – TIME RESTRICTED NET ASSETS**

Time restricted net assets consist of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Deferred AFD and fundraising contributions	\$ 0	\$ 10,631
Native landscapes and garden scholarship	10,861	8,548
Environmental education	53,189	43,788
Habitat management	137,250	109,885
Bailey campaign promises to give	500	500
Marine laboratory	6,639	4,658
Natural resource preservation	209,247	168,421
Sea turtle conservation	431	355
Ding Darling conservation education	9,393	9,653
	<u>\$ 427,510</u>	<u>\$ 356,439</u>

The above amounts include time restricted cash of \$0 and \$10,631 at June 30, 2019 and 2018, respectively, as imposed by donors for future use by the annual fund.

**NOTE J - PURPOSE RESTRICTED NET ASSETS**

Purpose restricted net assets consist of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Endowment whose earnings are restricted for purposes of environmental education	\$ 134,355	\$ 123,361
Endowment whose earnings are restricted for purposes of preserving natural resources	638,434	530,693
Endowment whose earnings are restricted for purposes of providing scholarships for native landscapes and garden interns	33,055	30,350
Endowment whose earnings are unrestricted	1,030,965	946,604
Endowment whose earnings are set aside for habitat management	391,049	359,050
Endowment whose earnings are set aside for purposes of supporting the marine laboratory program	28,317	26,000
Endowment whose earnings are set aside for sea turtle conservation	1,089	1,000
Endowment whose earnings are set aside for purposes of maintaining an internship program	259,407	250,218
Endowment whose dividend and interest income is set aside for purposes of conservation education	295,128	259,787
Land holdings donor restricted for preservation	491,580	491,580
	<u>\$ 3,303,379</u>	<u>\$ 3,018,643</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2019 and 2018

**NOTE K - NON-CASH INVESTING ACTIVITIES**

During the year ended June 30, 2019, the Foundation disposed of various property and equipment with a total cost of \$336,626 and total accumulated depreciation of \$302,790 and placed in to service \$516,770 from construction in progress.

During the year ended June 30, 2018, the Foundation disposed of various property and equipment with a total cost of \$94,104 and total accumulated depreciation of \$94,104 and placed in to service \$76,941 from construction in progress.

**NOTE L - OTHER REVENUE**

Other revenue consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Admissions	\$ 8,966	\$ 14,365
Settlement and miscellaneous	14,427	77,495
Merchandise sales	248	112
	<u>\$ 23,641</u>	<u>\$ 91,972</u>

**NOTE M - RETIREMENT PLAN**

The Foundation provides a 401(k) deferred compensation and profit-sharing plan for the benefit of eligible employees. The plan covers all employees who have completed one year of service and have attained age eighteen. Additional contributions to the plan can be made at the discretion of the employer. During the fiscal years ended June 30, 2019 and 2018, employer contributions to the plan were charged to the following cost centers:

	<u>2019</u>	<u>2018</u>
Native landscapes and garden	\$ 15,632	\$ 11,821
Habitat management	17,921	16,296
Marine lab	25,309	24,680
Environmental education	16,073	22,275
General and administrative	15,841	16,492
	<u>\$ 90,776</u>	<u>\$ 91,564</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2019 and 2018

**NOTE N - OPERATING LEASES**

The Foundation has entered into various operating lease agreements with terms through November 2023. The leases call for monthly payments totaling \$238. Expense charged to programs totaled \$112 and \$1,317 for the years ended June 30, 2019 and 2018, respectively.

The Foundation recognizes donated use of the Marine Lab, which is owned by an outside third-party. The estimated fair value for the use of the Marine Lab represents the fair value of a lease agreement and is properly recorded as revenue and expense in the statements of activities and changes in net assets. During the years ended June 30, 2019 and 2018, the estimated fair value for the use of the Marine Lab was \$96,000 and \$37,026, respectively.

Future scheduled minimum rental commitments as of June 30, 2019 are as follows:

2020	\$	2,852
2021		2,852
2022		2,852
2023		2,852
	TOTAL	<u><u>\$ 11,408</u></u>

**NOTE O - MAJOR CONTRIBUTORS**

The Foundation had six contributors that constituted 19% of the Foundation's June 30, 2019 contributions revenue. Additionally, the Foundation had six contributors that constituted 25% of the Foundation's June 30, 2018 contributions revenue.

**NOTE P - RISKS AND UNCERTAINTIES**

The Foundation maintains cash balances with one bank on Sanibel Island, Florida. The bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2019, the Foundation had cash balances above the FDIC insured amount to the extent of \$1,553,800. These remaining cash balances are collateralized by securities pledged to the Foundation by the financial institution and therefore were fully collateralized.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2019 and 2018

**NOTE Q – LIQUIDITY AND AVAILABILITY**

The Foundation's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Financial assets, as of June 30, 2019:

Cash and cash equivalents	\$ 1,790,673
Investments	8,714,293
Reimbursable grant receivables	91,464
Unconditional promises to give, net	16,489
TOTAL FINANCIAL ASSETS	<u>\$ 10,612,919</u>

Less those unavailable for general expenditure within one year:

Restricted investments	<u>3,730,889</u>
TOTAL UNAVAILABLE ASSETS	<u>3,730,889</u>
FINANCIAL ASSETS AVAILABLE WITHIN ONE YEAR	<u><u>\$ 6,882,030</u></u>

**NOTE R – FUNCTIONAL EXPENSES**

The cost of providing program services and supporting activities has been summarized on a functional basis below. Expenses directly attributable to a specific functional activity of the Foundation are reported as expenses of those functional activities.

Land Acquisition Expenses:

	<u>2019</u>	<u>2018</u>
Depreciation	\$ 31,521	\$ 34,896
General office	303	0
Payroll taxes	0	427
Program	0	7,866
Repairs and maintenance	4,506	1,853
Salaries and wages	0	5,576
Workers' Compensation insurance	0	206
TOTAL LAND ACQUISITION EXPENSES	<u><u>\$ 36,330</u></u>	<u><u>\$ 50,824</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2019 and 2018

**NOTE R – FUNCTIONAL EXPENSES (CONTINUED)**

Native Landscape and Garden Center Expenses:

	<u>2019</u>	<u>2018</u>
Contract labor	\$ 39,754	\$ 50,124
Depreciation	6,910	488
General office	2,006	2,660
Health, dental, life, and disability insurance	31,691	28,261
Insurance	3,947	3,246
Payroll taxes	17,647	12,697
Postage and shipping	32	14
Printing and copying	1,221	534
Program	81,859	111,470
Repairs and maintenance	7,471	2,048
Retirement plan contribution	15,632	11,821
Salaries and wages	225,335	169,309
Telephone	3,628	3,719
Utilities	9,003	7,769
Workers' Compensation insurance	5,510	4,145
TOTAL NATIVE LANDSCAPES AND GARDEN CENTER EXPENSES	<u>\$ 451,646</u>	<u>\$ 408,305</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2019 and 2018

**NOTE R – FUNCTIONAL EXPENSES (CONTINUED)**

Habitat Management Expenses:

	<u>2019</u>	<u>2018</u>
Contract labor	\$ 35,452	\$ 30,518
Depreciation	79,387	46,838
General office	988	1,596
Health, dental, life, and disability insurance	39,001	34,687
Insurance	11,505	12,680
Miscellaneous	5,476	2,446
Payroll taxes	27,508	21,141
Postage and shipping	440	179
Printing and copying	7,095	5,082
Repairs and maintenance	29,024	30,141
Retirement plan contribution	17,921	16,296
Salaries and wages	352,142	282,656
Supplies and equipment	38,047	26,106
Telephone	5,169	5,081
Travel and conference	9,840	13,452
Utilities	3,649	3,165
Workers' Compensation insurance	8,278	6,082
TOTAL HABITAT MANAGEMENT EXPENSES	<u>\$ 670,922</u>	<u>\$ 538,146</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2019 and 2018

**NOTE R – FUNCTIONAL EXPENSES (CONTINUED)**

Marine Lab Expenses:

	<u>2019</u>	<u>2018</u>
Contract labor	\$ 3,472	\$ 6,374
Depreciation	143,366	54,576
General office	3,588	3,389
Health, dental, life, and disability insurance	43,777	42,411
Insurance	18,739	13,770
Miscellaneous	14,583	632
Payroll taxes	28,586	26,657
Postage and shipping	1,029	1,689
Printing and copying	2,596	586
Professional fees	61,207	35,994
Rent	96,112	38,343
Repairs and maintenance	31,415	11,602
Retirement plan contribution	25,309	24,680
Salaries and wages	367,401	353,219
Supplies and equipment	66,499	29,895
Telephone	8,025	8,989
Travel and conference	5,011	4,745
Utilities	5,499	4,551
Workers' Compensation insurance	50,013	45,898
TOTAL MARINE LAB EXPENSES	<u>\$ 976,227</u>	<u>\$ 708,000</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2019 and 2018

**NOTE R – FUNCTIONAL EXPENSES (CONTINUED)**

Environmental Education Expenses:

	<u>2019</u>	<u>2018</u>
Depreciation	\$ 15,316	\$ 11,592
General office	490	440
Health, dental, life, and disability insurance	11,057	20,346
Payroll taxes	17,489	24,096
Postage and shipping	911	813
Printing and copying	3,452	1,782
Professional fees	13,165	26,067
Program	54,535	32,328
Retirement plan contribution	16,073	22,275
Salaries and wages	229,750	308,712
Supplies and equipment	765	4,548
Telephone	997	1,024
Travel and conference	11,842	9,676
Workers' Compensation insurance	3,837	6,358
TOTAL ENVIRONMENTAL EDUCATION EXPENSES	<u>\$ 379,679</u>	<u>\$ 470,057</u>



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2019 and 2018

**NOTE R – FUNCTIONAL EXPENSES (CONTINUED)**

General and Administrative Expenses:

	<u>2019</u>	<u>2018</u>
Bank fees	\$ 15,720	\$ 16,404
Contract labor	187,479	171,601
Depreciation	29,976	28,117
General office	11,463	6,334
Health, dental, life, and disability insurance	10,799	3,946
Insurance	12,021	161,031
Investment fees	108,560	45,960
Memorial	2,836	802
Miscellaneous	42,859	21,218
Payroll taxes	36,310	17,355
Postage and shipping	4,993	6,467
Printing and copying	33,688	34,943
Professional fees	67,221	43,864
Repairs and maintenance	50,777	49,727
Retirement plan contribution	15,841	16,492
Salaries and wages	339,158	255,041
Supplies and equipment	28,541	9,516
Telephone	12,553	10,638
Travel and conference	39,122	25,597
Utilities	19,959	18,209
Workers' Compensation insurance	2,633	4,176
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 1,072,509</u>	<u>\$ 947,438</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2019 and 2018

**NOTE R – FUNCTIONAL EXPENSES (CONTINUED)**

Total Expenses:

	<u>2019</u>	<u>2018</u>
Bank fees	\$ 15,720	\$ 16,404
Contract labor	266,157	258,617
Depreciation	306,476	176,507
Fundraising	149,297	155,449
General office	18,839	14,419
Health, dental, life, and disability insurance	136,324	129,651
Insurance	46,212	190,727
Investment expenses	108,560	45,960
Loss on disposition of asset	9,836	0
Memorial	2,836	802
Miscellaneous	62,918	24,296
Payroll taxes	127,540	102,373
Postage and shipping	7,405	9,162
Printing and copying	48,052	42,927
Professional fees	141,593	105,925
Program	136,394	151,664
Rent	96,112	38,343
Repairs and maintenance	123,193	95,371
Retirement plan contributions	90,776	91,564
Salaries and wages	1,513,786	1,374,513
Supplies and equipment	133,852	70,065
Telephone	30,372	29,451
Travel and conferences	65,815	53,470
Utilities	38,110	33,694
Workers' Compensation insurance	70,271	66,865
TOTAL EXPENSES	<u>\$ 3,746,446</u>	<u>\$ 3,278,219</u>