

FINANCIAL STATEMENTS

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

June 30, 2021 and 2020

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January 21, 2022

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

Independent Auditor's Report

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, 2021 and 2020, 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, 2021 and 2020, 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.

Hill, Barth & King LLC
Certified Public Accountants

STATEMENTS OF FINANCIAL POSITION

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2021 and 2020

	<u>2021</u>	(As Restated) <u>2020</u>
<u>ASSETS</u>		
Cash	\$ 7,495,875	\$ 2,596,675
Investments	8,112,043	8,401,200
Reimbursable grant receivables	55,991	66,715
Unconditional promises to give, net	18,659	27,288
Other receivables	0	5,082
Inventory	41,287	58,743
Prepaid insurance	128,439	133,496
Land	21,201,725	17,604,632
Property and equipment, net	3,731,105	3,936,028
Other assets	5,400	5,400
TOTAL ASSETS	<u>\$ 40,790,524</u>	<u>\$ 32,835,259</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 2,132	\$ 10,039
Accrued expenses	228,344	92,284
Deferred revenue	80,000	50,000
Annuity obligations	219,430	170,378
Long-term debt	0	379,260
TOTAL LIABILITIES	<u>529,906</u>	<u>701,961</u>
<u>NET ASSETS</u>		
Without donor restrictions:		
Undesignated	6,232,435	5,756,830
Designated by the board:		
Land preservation	21,784,644	16,065,474
Habitat management	116,891	574,445
Other	7,233,929	5,769,940
	<u>35,367,899</u>	<u>28,166,689</u>
With donor restrictions	4,892,719	3,966,609
TOTAL NET ASSETS	<u>40,260,618</u>	<u>32,133,298</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 40,790,524</u>	<u>\$ 32,835,259</u>

See accompanying notes to financial statements

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

Year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUE, GAINS AND OTHER SUPPORT</u>			
Contributions	\$ 9,332,951	135,000	\$ 9,467,951
Native landscapes and garden center sales	150,865	0	150,865
Fund raising events	164,376	0	164,376
Grant revenue	1,064,157	0	1,064,157
Interest and dividends	78,465	80,292	158,757
Change in value of investments	574,521	852,618	1,427,139
Other revenue	14,982	0	14,982
Gain on disposition of asset	6,394	0	6,394
Net assets released from restrictions	141,800	(141,800)	0
TOTAL REVENUE, GAINS AND OTHER SUPPORT	11,528,511	926,110	12,454,621
<u>EXPENSES AND LOSSES</u>			
Land acquisition	40,259	0	40,259
Native landscapes and garden center	384,609	0	384,609
Habitat management	360,974	0	360,974
Marine lab	788,577	0	788,577
Environmental education	953,506	0	953,506
Coastal wildlife	445,575	0	445,575
Fundraising	16,525	0	16,525
General and administrative	1,337,276	0	1,337,276
TOTAL EXPENSES	4,327,301	0	4,327,301
INCREASE IN NET ASSETS	7,201,210	926,110	8,127,320
<u>NET ASSETS</u>			
Beginning of year	28,166,689	3,966,609	32,133,298
End of year	\$ 35,367,899	\$ 4,892,719	\$ 40,260,618

See accompanying notes to financial statements

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

Year ended June 30, 2020

	(As Restated) Without Donor Restrictions	(As Restated) With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
<u>REVENUE, GAINS AND</u>			
<u>OTHER SUPPORT</u>			
Contributions	\$ 3,081,008	\$ 93,000	\$ 3,174,008
Native landscapes and garden center sales	191,652	0	191,652
Fund raising events	397,451	0	397,451
Grant revenue	245,991	0	245,991
Interest and dividends	168,483	55,802	224,285
Change in value of investments	(205,948)	(38,627)	(244,575)
Other revenue	6,208	0	6,208
Net assets released from restrictions	128,783	(128,783)	0
	<u>4,013,628</u>	<u>(18,608)</u>	<u>3,995,020</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT			
 <u>EXPENSES AND LOSSES</u>			
Land acquisition	32,272	0	32,272
Native landscapes and garden center	422,460	0	422,460
Habitat management	415,594	0	415,594
Marine lab	913,010	0	913,010
Environmental education	857,643	0	857,643
Coastal wildlife	344,979	0	344,979
Fundraising	78,349	0	78,349
General and administrative	954,237	0	954,237
Loss on disposition of asset	13,381	0	13,381
	<u>4,031,925</u>	<u>0</u>	<u>4,031,925</u>
TOTAL EXPENSES			
DECREASE IN NET ASSETS			
	(18,297)	(18,608)	(36,905)
 <u>NET ASSETS</u>			
Beginning of year, as previously reported	26,127,215	3,730,889	29,858,104
Prior period adjustment - Note T	(254,328)	254,328	0
Beginning of year, as restated	<u>25,872,887</u>	<u>3,985,217</u>	<u>29,858,104</u>
Sea School	2,312,099	0	2,312,099
End of year	<u>\$ 28,166,689</u>	<u>\$ 3,966,609</u>	<u>\$ 32,133,298</u>

See accompanying notes to financial statements

STATEMENTS OF CASH FLOWS

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase (decrease) in net assets	\$ 8,127,320	\$ (36,905)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	353,368	405,075
Change in value of investments	(1,427,139)	244,575
Bad debt	12,052	0
(Gain) loss on disposition of assets	(6,394)	13,381
PPP loan forgiveness	(806,031)	0
Decrease in reimbursable grant receivables	10,724	24,749
(Increase) decrease in unconditional promises to give	8,629	(10,799)
Increase in other receivables	(6,970)	(5,082)
(Increase) decrease in inventory	17,456	(40,514)
(Increase) decrease in prepaid insurance	5,057	(45,027)
Increase (decrease) in accounts payable and accrued expenses	128,153	(108,826)
Increase in deferred revenue	30,000	50,000
Increase (decrease) in annuity obligations	49,052	(7,256)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>6,495,277</u>	<u>483,371</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(3,761,443)	(338,703)
Payments for construction in progress, net of donated services	0	(50,525)
Proceeds from sale of assets	22,300	0
Proceeds from sales of investments	7,021,633	5,391,272
Purchases of investments	(5,305,338)	(5,058,673)
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,022,848)</u>	<u>(56,629)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from PPP loan	426,771	379,260
NET INCREASE IN CASH	4,899,200	806,002
<u>CASH</u>		
Beginning of year	2,596,675	1,790,673
End of year	<u>\$ 7,495,875</u>	<u>\$ 2,596,675</u>

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2021 and 2020

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.

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 - 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.

Adopted Accounting Pronouncements:

During the year ended June 30, 2021, the Foundation adopted FASB ASU 2014-09, Revenue from Contracts with Customers (Topic 606), as amended by ASU 2015-14, which supersedes or replaces nearly all revenue recognition guidance under US GAAP. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and will expand disclosures about revenue. ASU 2014-09, as amended by ASU 2020-05, is effective for nonpublic entities for fiscal years beginning after December 15, 2019. The Foundation adopted the requirements of Topic 606 as of July 1, 2020, utilizing the modified retrospective method of transition. The adoption did not have a material impact on the Foundation's consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2021 and 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021 and 2020. 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. Inventory associated with Sanibel Sea School is carried at cost.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2021 and 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021 and 2020.

Grant Revenue:

The Foundation has been the recipient of several grants during the years ended June 30, 2021 and 2020. 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, 2021 and 2020 totaled \$336,753 and \$268,077, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2021 and 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Advertising:

The Foundation expenses the costs of advertising as incurred. Advertising expense for the years ended June 30, 2021 and 2020 was \$1,142 and \$12,825, respectively.

Subsequent Events:

Management evaluated all activity of the Foundation through January 21, 2022, 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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2021 and 2020

NOTE B - ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued):

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%

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2021 and 2020

NOTE B - ENDOWMENT (CONTINUED)

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 4.5 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 4.5 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.

Board-designated endowment net asset composition as of June 30, 2021 and 2020 and during the years then ended is as follows:

	<u>2021</u>	<u>2020</u>
Endowment net assets - Beginning of year	\$ 3,475,029	\$ 3,422,249
Investment return:		
Net appreciation (depreciation)	791,110	(40,220)
Contributions	25,000	93,000
Endowment net assets - End of year	<u>\$ 4,291,139</u>	<u>\$ 3,475,029</u>

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>2021</u>	<u>2020</u>
Money market funds	\$ 368,873	\$ 2,142,451
Common stock	1,562,536	1,377,352
Foreign stock	146,567	122,742
Mutual funds	6,034,067	4,758,655
	<u>\$ 8,112,043</u>	<u>\$ 8,401,200</u>

Of the above, Merrill Lynch Consultants Service managed \$402,163, Sanibel Captiva Trust Company managed \$4,029,281, and JP Morgan Chase & Co. managed \$3,680,599 at June 30, 2021.

Of the above, Merrill Lynch Consultants Service managed \$284,974, Sanibel Captiva Trust Company managed \$4,242,100, JP Morgan Chase & Co. managed \$3,874,126 at June 30, 2020.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2021 and 2020

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, 2021 and 2020:

	Investments at fair value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 368,873	\$ 0	\$ 0	\$ 368,873
Common stock	1,562,536	0	0	1,562,536
Foreign stock	146,567	0	0	146,567
Mutual funds	6,034,067	0	0	6,034,067
Total assets at fair value	<u>\$ 8,112,043</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,112,043</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2021 and 2020

NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)

	Investments at fair value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 2,142,451	\$ 0	\$ 0	\$ 2,142,451
Common stock	1,377,352	0	0	1,377,352
Foreign stock	122,742	0	0	122,742
Mutual funds	4,758,655	0	0	4,758,655
Total assets at fair value	\$ 8,401,200	\$ 0	\$ 0	\$ 8,401,200

NOTE E - PROMISES TO GIVE

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

	2021	2020
Sanibel Sea School	\$ 0	\$ 6,847
Native landscapes and garden	18,659	20,441
	\$ 18,659	\$ 27,288

All receivables outstanding at June 30, 2021 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:

	2021	2020
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, 2021 and 2020

NOTE G - PROPERTY AND EQUIPMENT

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

	<u>2021</u>	<u>2020</u>
Buildings	\$ 2,663,216	\$ 2,637,070
Equipment	2,740,660	2,633,256
Furniture and fixtures	66,473	57,673
Housing	276,417	276,417
Exhibit area	20,753	20,753
Bailey Homestead	808,806	806,306
Intangible assets	15,735	15,735
Construction in progress	50,525	50,525
	<u>6,642,585</u>	<u>6,497,735</u>
Less accumulated depreciation	<u>2,911,480</u>	<u>2,561,707</u>
	<u>\$ 3,731,105</u>	<u>\$ 3,936,028</u>

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

	<u>2021</u>	<u>2020</u>
Land acquisition	\$ 33,165	\$ 31,872
Native landscapes and garden	12,472	16,249
Habitat management	58,755	89,347
Marine lab	145,873	194,608
Environmental education	66,864	41,938
Coastal wildlife	9,830	1,101
General and administrative	26,409	29,960
	<u>\$ 353,368</u>	<u>\$ 405,075</u>

NOTE H - CHARITABLE GIFT ANNUITIES

The Foundation has entered into annuity agreements with four 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, 2021 and 2020, the balance of invested funds and related annuity obligations totaled \$219,430 and \$170,378, respectively. The present value of future payment liabilities on these deferred gift annuity agreements as of June 30, 2021 and 2020 is \$67,627 and \$71,274 respectively. On October 20, 2010, the Board of Trustees voted to suspend the offering of annuity agreements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2021 and 2020

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Endowment whose earnings are restricted for purposes of environmental education	\$ 261,809	\$ 218,596
Endowment whose earnings are restricted for shorebird conservation	224,606	187,554
Endowment whose earnings are restricted for purposes of providing scholarships for native landscapes and garden interns	341,469	285,108
Endowment whose earnings are for general operations	1,486,068	1,208,898
Endowment whose earnings are set aside for habitat management	857,591	716,041
Endowment whose earnings are set aside for purposes of supporting the marine laboratory program	75,940	63,406
Endowment whose earnings are set aside for sea turtle conservation	79,243	66,163
Endowment whose earnings are set aside for purposes of maintaining an internship program	312,883	261,240
Endowment whose dividend and interest income is set aside for purposes of conservation education	402,354	284,974
Endowment whose earnings are restricted for La Gorce Housing	249,176	183,049
Time restricted contributions	110,000	0
Land holdings donor restricted for preservation	491,580	491,580
	<u>\$ 4,892,719</u>	<u>\$ 3,966,609</u>

NOTE J - NON-CASH INVESTING ACTIVITIES

During the year ended June 30, 2021, the Foundation disposed of various property and equipment with a total cost of \$19,500 and total accumulated depreciation of \$3,594.

During the year ended June 30, 2020, the Foundation disposed of various property and equipment with a total cost of \$146,822 and total accumulated depreciation of \$133,441.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2021 and 2020

NOTE K - OTHER REVENUE

Other revenue consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Admissions	\$ 0	\$ 374
Settlement and miscellaneous	14,982	5,834
	<u>\$ 14,982</u>	<u>\$ 6,208</u>

NOTE L - 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, 2021 and 2020, employer contributions to the plan were charged to the following cost centers:

	<u>2021</u>	<u>2020</u>
Native landscapes and garden	\$ 7,661	\$ 15,189
Habitat management	6,404	9,802
Marine lab	12,391	25,955
Environmental education	19,879	27,406
Coastal wildlife	8,837	13,459
General and administrative	7,077	15,919
	<u>\$ 62,249</u>	<u>\$ 107,730</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2021 and 2020

NOTE M - OPERATING LEASES

The Foundation has entered into various operating lease agreements with terms through November 2023. The leases call for monthly payments totaling \$238.

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, 2021 and 2020, the estimated fair value for the use of the Marine Lab was \$84,000 for both years.

Future scheduled minimum rental commitments as of June 30, 2021 are as follows:

2022	\$	2,852
2023		2,852
2024		1,190
TOTAL	\$	<u>6,894</u>

NOTE N - MAJOR CONTRIBUTORS

The Foundation had six contributors that constituted 52% of the Foundation's June 30, 2021 contributions revenue. Additionally, the Foundation had six contributors that constituted 23% of the Foundation's June 30, 2020 contributions revenue.

NOTE O - RISKS AND UNCERTAINTIES

The Foundation maintains cash balances with two banks on Sanibel Island, Florida. The bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2021, the Foundation had cash balances above the FDIC insured amount to the extent of \$7,035,093. Of these cash balances, \$4,680,796 are collateralized by securities pledged to the Foundation by the financial institution. A remaining \$2,354,297 of cash balances are not insured or 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, 2021 and 2020

NOTE P - LIQUIDITY AND AVAILABILITY

The Foundation's financial assets are considered unavailable when illiquid or not convertible to cash within one year and board designated endowments. The Foundations has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

The Foundation's financial assets available for general use expenditures within one year as of June 30, consist of the following:

Financial assets:	<u>2021</u>	<u>2020</u>
Cash	\$ 7,495,875	\$ 2,596,675
Investments	8,112,043	8,401,200
Reimbursable grant receivables	55,991	66,715
Unconditional promises to give, net	18,659	27,288
Other receivables	0	5,082
TOTAL FINANCIAL ASSETS	<u>15,682,568</u>	<u>11,096,960</u>
Less those unavailable for general expenditure within one year:		
Restricted investments	<u>4,892,719</u>	<u>3,966,609</u>
FINANCIAL ASSETS AVAILABLE WITHIN ONE YEAR	<u>\$ 10,789,849</u>	<u>\$ 7,130,351</u>

NOTE Q - PAYCHECK PROTECTION PROGRAM

On April 10, 2020, the Foundation received loan proceeds in the amount of \$379,260 under the Paycheck Protection Program ("PPP"). On January 22, 2021, the Foundation received a second loan in the amount of \$426,771. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight or twenty-four weeks at the borrower's choice as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintain its payroll levels.

The Foundation used the proceeds for purposes consistent with the PPP and was informed on November 2, 2020, that the Small Business Administration approved their loan forgiveness application and the loan balance of \$379,260 was forgiven in full. On June 14, 2021, the Foundation was informed that their second loan balance of \$426,771 was forgiven in full. The total forgiven amount of \$806,031 is reflected in the line item "Grant Revenue" in the Statement of Activities and Changes in Net Assets for the year ended June 30, 2021.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2021 and 2020

NOTE R - COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and greatly contributed to instability in financial markets. Because the values of the Organization's individual investments may fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, and related impact on the Organization's future results of operations, financial condition, or liquidity cannot be determined at this time.

NOTE S - SANIBEL SEA SCHOOL ASSETS

On January 1, 2020, the Foundation assumed the assets and operations of Sanibel Sea School, a not-for-profit corporation with a mission to improve the ocean's future. The two organizations blended their missions, and Sanibel Sea School became the Foundation's Education Department. Under one leadership, the intent is that the Foundation will expand its educational offerings and advocacy outreach. The assumed assets were recorded at the estimated fair value of the assets as of the date of combination and increased net assets without donor restrictions \$2,312,099 on January 1, 2020. At June 30, 2021, the assets are presented with the total net asset balance and have become a part of the Foundation's Environmental Education department.

NOTE T - PRIOR PERIOD ADJUSTMENT

The Organization's financial statements as of June 30, 2020, contained an error related to the classification of net assets with donor restrictions. The accompanying financial statements for 2020 have been restated to reflect the corrections. Net assets at July 1, 2021, was not affected as the adjustment was a reclassification between restrictions on net assets as a result of information obtained in the June 30, 2021 audit. Net assets with donor restrictions was found to be understated by \$254,328 and net assets without donor restrictions was found to be overstated by \$254,328.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2021 and 2020

NOTE U - 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>2021</u>	<u>2020</u>
Depreciation	\$ 33,165	\$ 31,872
General office	64	400
Professional fees	7,030	0
TOTAL LAND ACQUISITION EXPENSES	<u>\$ 40,259</u>	<u>\$ 32,272</u>

Native Landscape and Garden Center Expenses:

	<u>2021</u>	<u>2020</u>
Bank fees	\$ 2,650	\$ 797
Contract labor	12,425	18,228
Depreciation	12,472	16,249
General office	2,561	2,763
Health, dental, life, and disability insurance	28,730	32,403
Insurance	0	5,993
Payroll taxes	16,108	18,253
Postage and shipping	13	48
Printing and copying	339	839
Program	63,823	52,746
Repairs and maintenance	9,580	9,425
Retirement plan contribution	7,661	15,189
Salaries and wages	205,580	226,758
Supplies and equipment	2,306	3,057
Telephone	3,677	3,520
Travel and conferences	4,121	4,204
Utilities	8,212	8,841
Workers' Compensation insurance	4,351	3,147
TOTAL NATIVE LANDSCAPES AND GARDEN CENTER EXPENSES	<u>\$ 384,609</u>	<u>\$ 422,460</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2021 and 2020

NOTE U - FUNCTIONAL EXPENSES (CONTINUED)

Habitat Management Expenses:

	<u>2021</u>	<u>2020</u>
Contract labor	\$ 9,219	\$ 6,600
Depreciation	58,755	89,347
General office	1,218	885
Health, dental, life, and disability insurance	25,890	26,226
Insurance	0	9,436
Miscellaneous	855	38
Payroll taxes	15,153	16,659
Postage and shipping	25	17
Printing and copying	246	1,002
Professional fees	600	50
Program	0	6,856.17
Repairs and maintenance	15,004	20,173
Retirement plan contribution	6,404	9,802
Salaries and wages	195,399	206,879
Supplies and equipment	19,923	7,656
Telephone	4,812	4,143
Travel and conference	20	2,724
Utilities	4,405	4,540
Workers' Compensation insurance	3,046	2,561
TOTAL HABITAT MANAGEMENT EXPENSES	<u>\$ 360,974</u>	<u>\$ 415,594</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2021 and 2020

NOTE U - FUNCTIONAL EXPENSES (CONTINUED)

Marine Lab Expenses:

	<u>2021</u>	<u>2020</u>
Contract labor	\$ 4,825	\$ 3,289
Depreciation	145,873	194,608
General office	1,850	2,045
Health, dental, life, and disability insurance	34,736	36,195
Miscellaneous	5,000	24
Payroll taxes	26,865	29,384
Postage and shipping	1,094	1,367
Printing and copying	0	175
Professional fees	72,143	63,478
Program	0	875
Rent	84,000	84,000
Repairs and maintenance	15,584	13,560
Retirement plan contribution	12,391	25,955
Salaries and wages	342,410	372,295
Supplies and equipment	24,081	21,062
Telephone	6,383	5,716
Travel and conference	0	6,710
Utilities	5,062	5,787
Workers' Compensation insurance	6,280	46,485
TOTAL MARINE LAB EXPENSES	<u>\$ 788,577</u>	<u>\$ 913,010</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2021 and 2020

NOTE U - FUNCTIONAL EXPENSES (CONTINUED)

Environmental Education Expenses:

	<u>2021</u>	<u>2020</u>
Bank fees	\$ 2,244	\$ 1,864
Contract labor	19,645	4,755
Depreciation	66,864	41,938
General office	9,186	6,391
Health, dental, life, and disability insurance	64,470	38,029
Miscellaneous expense	350	62,362
Payroll taxes	42,195	33,446
Postage and shipping	1,543	1,690
Printing and copying	1,410	3,872
Professional fees	60,497	40,442
Program	65,126	115,157
Repairs and maintenance	23,045	14,385
Retirement plan contribution	19,879	27,406
Salaries and wages	529,992	414,222
Supplies and equipment	24,320	16,432
Telephone	5,827	3,358
Travel and conference	793	8,881
Utilities	8,082	3,161
Workers' Compensation insurance	8,038	19,852
TOTAL ENVIRONMENTAL EDUCATION EXPENSES	<u>\$ 953,506</u>	<u>\$ 857,643</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2021 and 2020

NOTE U - FUNCTIONAL EXPENSES (CONTINUED)

Coastal Wildlife Expenses:

	<u>2021</u>	<u>2020</u>
Contract labor	\$ 17,145	\$ 16,889
Depreciation	9,830	1,101
General office	397	281
Health, dental, life, and disability insurance	25,748	18,548
Miscellaneous	0	2,947
Payroll taxes	20,703	18,191
Postage and shipping	909	417
Printing and copying	2,355	2,746
Professional fees	55,657	14,176
Repairs and maintenance	16,269	5,955
Retirement plan contribution	8,837	13,459
Salaries and wages	258,625	224,752
Supplies and equipment	25,546	19,434
Travel and conference	323	3,496
Workers' Compensation insurance	3,231	2,587
TOTAL COASTAL WILDLIFE EXPENSES	<u>\$ 445,575</u>	<u>\$ 344,979</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2021 and 2020

NOTE U - FUNCTIONAL EXPENSES (CONTINUED)

General and Administrative Expenses:

	<u>2021</u>	<u>2020</u>
Bad debt	\$ 12,052	\$ 0
Bank fees	11,209	12,524
Contract labor	226,281	168,950
Depreciation	26,409	29,960
General office	15,627	9,855
Health, dental, life, and disability insurance	14,583	22,805
Insurance	228,188	104,017
Investment fees	55,138	57,796
Meals	8,558	8,295
Miscellaneous	9,694	44,805
Payroll taxes	16,835	16,657
Postage and shipping	5,781	4,103
Printing and copying	43,788	54,533
Professional fees	148,189	121,721
Program	0	9,389
Repairs and maintenance	26,640	39,881
Retirement plan contribution	7,077	15,919
Salaries and wages	379,884	142,689
Supplies and equipment	7,513	21,308
Telephone	25,749	13,356
Travel and conference	20,938	33,387
Utilities	21,490	21,705
Workers' Compensation insurance	25,653	582
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 1,337,276</u>	<u>\$ 954,237</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2021 and 2020

NOTE U - FUNCTIONAL EXPENSES (CONTINUED)

Total Expenses:

	<u>2021</u>	<u>2020</u>
Bad debt	\$ 12,052	\$ 0
Bank fees	16,103	15,185
Contract labor	289,540	218,711
Depreciation	353,368	405,075
Fundraising	16,525	78,349
General office	30,903	22,620
Health, dental, life, and disability insurance	194,157	174,206
Insurance	228,188	119,446
Investment expenses	55,138	57,796
Loss on disposition of asset	0	13,381
Meals	8,558	8,295
Miscellaneous	15,899	110,176
Payroll taxes	137,859	132,590
Postage and shipping	9,365	7,642
Printing and copying	48,138	63,167
Professional fees	344,116	239,867
Program	128,949	185,023
Rent	84,000	84,000
Repairs and maintenance	106,122	103,379
Retirement plan contributions	62,249	107,730
Salaries and wages	1,911,890	1,587,595
Supplies and equipment	103,689	88,949
Telephone	46,448	30,093
Travel and conferences	26,195	59,402
Utilities	47,251	44,034
Workers' Compensation insurance	50,599	75,214
TOTAL EXPENSES	<u>\$ 4,327,301</u>	<u>\$ 4,031,925</u>