

FINANCIAL STATEMENTS

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

June 30, 2022 and 2021

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February 6, 2023

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

Independent Auditor's Report

Opinion

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, 2022, 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.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Hill, Barth & King LLC
Certified Public Accountants

STATEMENTS OF FINANCIAL POSITION

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2022 and 2021

	2022	2021
<u>ASSETS</u>		
Cash	\$ 8,215,329	\$ 7,495,875
Investments	7,065,526	8,112,043
Reimbursable grant receivables	238,992	55,991
Unconditional promises to give, net	0	18,659
Inventory	36,232	41,287
Prepaid insurance	105,760	128,439
Land	21,486,721	21,201,725
Property and equipment, net	4,082,861	3,731,105
Other assets	5,400	5,400
TOTAL ASSETS	\$ 41,236,821	\$ 40,790,524
 <u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 105,551	\$ 2,132
Accrued expenses	391,537	308,344
Annuity obligations	140,701	219,430
TOTAL LIABILITIES	637,789	529,906
 <u>NET ASSETS</u>		
Without donor restrictions:		
Undesignated	6,002,479	6,232,435
Designated by the board:		
Land preservation	19,875,315	21,784,644
Habitat management	0	116,891
Other	9,333,130	7,233,929
	35,210,924	35,367,899
With donor restrictions	5,388,108	4,892,719
TOTAL NET ASSETS	40,599,032	40,260,618
TOTAL LIABILITIES AND NET ASSETS	\$ 41,236,821	\$ 40,790,524

See accompanying notes to financial statements

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

Year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUE, GAINS AND</u>			
<u>OTHER SUPPORT</u>			
Contributions	\$ 3,549,311	1,211,020	\$ 4,760,331
Native Landscapes and Garden			
Center sales	178,646	0	178,646
Fundraising events	628,356	0	628,356
Grant revenue	618,736	0	618,736
Interest and dividends	69,227	88,615	157,842
Change in value of investments	(442,947)	(595,151)	(1,038,098)
Other revenue	421,623	0	421,623
Net assets released from restrictions	209,095	(209,095)	0
TOTAL REVENUE, GAINS AND OTHER SUPPORT	5,232,047	495,389	5,727,436
 <u>EXPENSES</u>			
Coastal watch	8,156	0	8,156
Coastal wildlife	548,624	0	548,624
Environmental education	220,704	0	220,704
Environmental policy	387,091	0	387,091
Fundraising	177,227	0	177,227
General and administrative	1,393,239	0	1,393,239
Habitat management	381,994	0	381,994
Land acquisition	99,260	0	99,260
Loss on disposition of asset	1,768	0	1,768
Marine Lab	972,915	0	972,915
Native Landscapes and Garden			
Center	428,274	0	428,274
Sanibel Sea School	769,770	0	769,770
TOTAL EXPENSES	5,389,022	0	5,389,022
INCREASE IN NET ASSETS	(156,975)	495,389	338,414
 <u>NET ASSETS</u>			
Beginning of year	35,367,899	4,892,719	40,260,618
End of year	\$ 35,210,924	\$ 5,388,108	\$ 40,599,032

See accompanying notes to financial statements

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

Year ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<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
Fundraising 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
	<u>11,528,511</u>	<u>926,110</u>	<u>12,454,621</u>
TOTAL REVENUE, GAINS AND OTHER SUPPORT			
<u>EXPENSES AND LOSSES</u>			
Coastal wildlife	445,575	0	445,575
Environmental policy	278,744	0	278,744
Fundraising	16,525	0	16,525
General and administrative	1,337,276	0	1,337,276
Habitat management	360,974	0	360,974
Land acquisition	40,259	0	40,259
Marine Lab	788,577	0	788,577
Native Landscapes and Garden			
Center	384,609	0	384,609
Sanibel Sea School	674,762	0	674,762
	<u>4,327,301</u>	<u>0</u>	<u>4,327,301</u>
TOTAL EXPENSES			
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	<u>\$ 35,367,899</u>	<u>\$ 4,892,719</u>	<u>\$ 40,260,618</u>

See accompanying notes to financial statements

STATEMENTS OF CASH FLOWS

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in net assets	\$ 338,414	\$ 8,127,320
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	352,732	353,368
Change in value of investments	1,038,098	(1,427,139)
Bad debt	21,949	12,052
(Gain) loss on disposition of assets	1,768	(6,394)
PPP loan forgiveness	0	(806,031)
(Increase) decrease in reimbursable grant receivables	(204,950)	10,724
Decrease in unconditional promises to give	18,659	8,629
Increase in other receivables	0	(6,970)
Decrease in inventory	5,055	17,456
Decrease in prepaid insurance	22,679	5,057
Increase in accounts payable and accrued expenses	186,612	128,153
Increase in deferred revenue	0	30,000
Increase (decrease) in annuity obligations	(78,729)	49,052
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,702,287</u>	<u>6,495,277</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(748,458)	(3,761,443)
Payments for construction in progress, net of donated services	(252,233)	0
Proceeds from sale of assets	8,720	22,300
Proceeds from sales of investments	2,616,724	7,021,633
Purchases of investments	(2,607,586)	(5,305,338)
NET CASH USED IN INVESTING ACTIVITIES	<u>(982,833)</u>	<u>(2,022,848)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from PPP loan	<u>0</u>	<u>426,771</u>
NET INCREASE IN CASH	719,454	4,899,200
<u>CASH</u>		
Beginning of year	7,495,875	2,596,675
End of year	<u>\$ 8,215,329</u>	<u>\$ 7,495,875</u>

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2022 and 2021

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. Net assets without donor restrictions 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.

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, 2022 and 2021. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022 and 2021.

Grant Revenue:

The Foundation has been the recipient of several grants during the years ended June 30, 2022 and 2021. 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, 2022 and 2021 totaled \$671,172 and \$336,753, 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.

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. Below, Note S, has the 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, 2022 and 2021 was \$5,000 and \$1,142, respectively.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events:

Management evaluated all activity of the Foundation through February 6, 2023, 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.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2022 and 2021

NOTE B - ENDOWMENT (CONTINUED)

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2022 and 2021

NOTE B - ENDOWMENT (CONTINUED)

Endowment net asset composition as of June 30, 2022 and 2021 and during the years then ended is as follows:

	<u>2022</u>	<u>2021</u>
Endowment net assets - Beginning of year	\$ 4,291,139	\$ 3,475,029
Investment return:		
Net appreciation (depreciation)	(655,631)	791,110
Contributions	1,211,020	25,000
Endowment net assets - End of year	<u>\$ 4,846,528</u>	<u>\$ 4,291,139</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>2022</u>	<u>2021</u>
Money market funds	\$ 196,644	\$ 368,873
Common stock	1,508,171	1,562,536
Foreign stock	180,131	146,567
Mutual funds	5,180,580	6,034,067
	<u>\$ 7,065,526</u>	<u>\$ 8,112,043</u>

Of the above, Merrill Lynch Consultants Service managed \$384,171, Sanibel Captiva Trust Company managed \$3,494,219, and JP Morgan Chase & Co. managed \$3,187,136 at June 30, 2022.

Of the above, Merrill Lynch Consultants Service managed \$402,162, Sanibel Captiva Trust Company managed \$4,029,282, JP Morgan Chase & Co. managed \$3,680,599 at June 30, 2021.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2022 and 2021

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, 2022 and 2021:

	Investments at fair value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 196,644	\$ 0	\$ 0	\$ 196,644
Common stock	1,508,171	0	0	1,508,171
Foreign stock	180,131	0	0	180,131
Mutual funds	5,180,580	0	0	5,180,580
Total assets at fair value	\$ 7,065,526	\$ 0	\$ 0	\$ 7,065,526

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2022 and 2021

NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)

	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>

NOTE E - PROMISES TO GIVE

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

	<u>2022</u>	<u>2021</u>
Native Landscapes and Garden Center	\$ 0	\$ 18,659

All receivables outstanding at June 30, 2022 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 and intangible assets as of June 30:

	<u>2022</u>	<u>2021</u>
Original duck stamp print	\$ 4,000	\$ 4,000
Original Havell engraving	1,400	1,400
	<u>\$ 5,400</u>	<u>\$ 5,400</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2022 and 2021

NOTE G - PROPERTY AND EQUIPMENT

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

	<u>2022</u>	<u>2021</u>
Buildings	\$ 2,691,524	\$ 2,663,216
Equipment	3,161,323	2,740,660
Furniture and fixtures	68,886	66,473
Housing	276,417	276,417
Exhibit area	20,753	20,753
Bailey Homestead	808,806	808,806
Intangible assets, net of amortization	11,905	13,422
Construction in progress	302,758	50,525
	<u>7,342,372</u>	<u>6,640,272</u>
Less accumulated depreciation	3,259,511	2,909,167
	<u>\$ 4,082,861</u>	<u>\$ 3,731,105</u>

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

	<u>2022</u>	<u>2021</u>
Land acquisition	\$ 30,237	\$ 33,165
Native Landscapes and Garden Center	9,230	12,472
Habitat management	49,049	58,755
Marine Lab	141,479	145,873
Sanibel Sea School	69,162	66,864
Coastal wildlife	17,705	9,830
General and administrative	35,870	26,409
	<u>\$ 352,732</u>	<u>\$ 353,368</u>

NOTE H - CHARITABLE GIFT ANNUITIES

The Foundation has entered into three annuity agreements with two 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, 2022 and 2021, the balance of invested funds and related annuity obligations totaled \$140,701 and \$219,430, respectively. The present value of future payment liabilities on these deferred gift annuity agreements as of June 30, 2022 and 2021 is \$52,307 and \$67,627 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, 2022 and 2021

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Endowment whose earnings are restricted for purposes of environmental education	\$ 272,550	\$ 261,809
Endowment whose earnings are restricted for shorebird conservation	190,926	224,606
Endowment whose earnings are restricted for purposes of providing scholarships for native landscapes and garden interns	290,265	341,469
Endowment whose earnings are for general operations	1,263,390	1,486,068
Endowment whose earnings are set aside for habitat management	902,648	857,591
Endowment whose earnings are set aside for purposes of supporting the marine laboratory program	951,740	75,940
Endowment whose earnings are set aside for sea turtle conservation	112,917	79,243
Endowment whose earnings are set aside for purposes of maintaining an internship program	265,966	312,883
Endowment whose dividend and interest income is set aside for purposes of conservation education	384,314	402,354
Endowment whose earnings are restricted for La Gorce Housing	211,812	249,176
Time restricted contributions	50,000	110,000
Land holdings donor restricted for preservation	491,580	491,580
	<u>\$ 5,388,108</u>	<u>\$ 4,892,719</u>

NOTE J - NON-CASH INVESTING ACTIVITIES

During the year ended June 30, 2022, the Foundation disposed of various property and equipment with a total cost of \$11,335 and total accumulated depreciation of \$848.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2022 and 2021

NOTE K - OTHER REVENUE

Other revenue consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Admissions	\$ 60,540	\$ 0
Facilities	294,233	0
Miscellaneous program income	66,850	14,982
	<u>\$ 421,623</u>	<u>\$ 14,982</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, 2022 and 2021, employer contributions to the plan were charged to the following cost centers:

	<u>2022</u>	<u>2021</u>
Coastal watch	\$ 439	\$ 0
Coastal wildlife	14,018	8,837
Environmental policy	20,480	7,564
Environmental education	8,209	0
General and administrative	10,038	7,077
Habitat management	10,318	6,404
Marine Lab	25,566	12,391
Native Landscapes and Garden Center	12,086	7,661
Sanibel Sea School	23,187	12,315
	<u>\$ 124,341</u>	<u>\$ 62,249</u>

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 \$4,231 from July 2022 to September 2022 and an increase to \$4,791 from October 2022 to March 2023, then a decrease to \$238 from April 2023 to November 2023.

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, 2022 and 2021, the estimated fair value for the use of the Marine Lab was \$84,000 for both years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2022 and 2021

NOTE M - OPERATING LEASES (CONTINUED)

Future scheduled minimum rental commitments as of June 30, 2022 are as follows:

2023	<u>\$</u> <u>40,012</u>
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NOTE N - MAJOR CONTRIBUTORS

The Foundation had six contributors that constituted 31% of the Foundation's June 30, 2022 contributions revenue. Additionally, the Foundation had six contributors that constituted 52% of the Foundation's June 30, 2021 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, 2022, the Foundation had cash balances above the FDIC insured amount to the extent of \$7,242,977. Of these cash balances, \$5,993,793 are collateralized by securities pledged to the Foundation by the financial institution. A remaining \$1,249,184 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.

NOTE P - 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, 2022 and 2021

NOTE Q - 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>2022</u>	<u>2021</u>
Cash	\$ 8,215,329	\$ 7,495,875
Investments	7,065,526	8,112,043
Reimbursable grant receivables	238,992	55,991
Unconditional promises to give, net	<u>0</u>	<u>18,659</u>
TOTAL FINANCIAL ASSETS	<u>15,519,847</u>	15,682,568
Less those unavailable for general expenditure within one year:		
Restricted investments	<u>5,388,108</u>	4,892,719
FINANCIAL ASSETS AVAILABLE WITHIN ONE YEAR	<u>\$ 10,131,739</u>	<u>\$ 10,789,849</u>

NOTE R – HURRICANE IAN

On September 23, 2022, a category 4 hurricane, named Hurricane Ian (Ian), made landfall in Southwest Florida. Ian caused massive damage to Sanibel Island. Due to the Foundation being headquartered on the island and a majority of the Foundations activity being on the island, this storm had a material effect on operations. The damage from Ian is still being assessed and with repairs still being performed, the full economic damage is unknown.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2022 and 2021

NOTE S - 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.

Coastal Watch Expenses:

	<u>2022</u>	<u>2021</u>
General office	\$ 1,680	\$ 0
Health, dental, life, and disability insurance	652	0
Payroll taxes	368	0
Printing and copying	135	0
Retirement plan contribution	439	0
Salaries and wages	4,800	0
Supplies and equipment	82	0
TOTAL COASTAL WATCH EXPENSES	<u>\$ 8,156</u>	<u>\$ 0</u>

Coastal Wildlife Expenses:

	<u>2022</u>	<u>2021</u>
Contract labor	\$ 41,500	\$ 17,145
Depreciation	17,705	9,830
General office	389	397
Health, dental, life, and disability insurance	24,622	25,748
Payroll taxes	20,256	20,703
Postage and shipping	352	909
Printing and copying	3,122	2,355
Professional fees	112,580	55,657
Repairs and maintenance	19,437	16,269
Retirement plan contribution	14,018	8,837
Salaries and wages	272,912	258,625
Supplies and equipment	13,494	25,546
Telephone	1,868	0
Travel and conference	4,083	323
Workers' Compensation insurance	2,286	3,231
TOTAL COASTAL WILDLIFE EXPENSES	<u>\$ 548,624</u>	<u>\$ 445,575</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2022 and 2021

NOTE S - FUNCTIONAL EXPENSES (CONTINUED)

Environmental Education Expenses:

	<u>2022</u>	<u>2021</u>
General office	\$ 82	\$ 0
Health, dental, life, and disability insurance	19,527	0
Payroll taxes	13,398	0
Printing and copying	106	0
Retirement plan contribution	8,209	0
Salaries and wages	177,800	0
Supplies and equipment	439	0
Workers' Compensation insurance	1,143	0
TOTAL ENVIRONMENTAL EDUCATION EXPENSES	<u>\$ 220,704</u>	<u>\$ 0</u>

Environmental Policy Expenses:

	<u>2022</u>	<u>2021</u>
General office	\$ 6,125	\$ 2,051
Health, dental, life, and disability insurance	15,319	12,254
Payroll taxes	22,346	16,296
Printing and copying	39	78
Professional fees	15,005	33,195
Retirement plan contribution	20,480	7,564
Salaries and wages	300,219	203,258
Supplies and equipment	3,767	1,044
Travel and conference	3,791	324
Workers' Compensation insurance	0	2,680
TOTAL ENVIRONMENTAL POLICY EXPENSES	<u>\$ 387,091</u>	<u>\$ 278,744</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2022 and 2021

NOTE S - FUNCTIONAL EXPENSES (CONTINUED)

General and Administrative Expenses:

	<u>2022</u>	<u>2021</u>
Bad debt	\$ 21,949	\$ 12,052
Bank fees	19,347	11,209
Contract labor	194,301	226,281
Depreciation	35,870	26,408
General office	29,839	15,628
Health, dental, life, and disability insurance	9,458	14,583
Insurance	241,495	228,188
Investment fees	70,779	55,138
Meals	12,667	8,558
Miscellaneous	19,945	9,694
Payroll taxes	19,121	16,835
Postage and shipping	7,929	5,781
Printing and copying	44,230	43,788
Professional fees	205,582	148,189
Rent	33,750	0
Repairs and maintenance	49,205	26,640
Retirement plan contribution	10,038	7,077
Salaries and wages	288,124	379,884
Supplies and equipment	16,294	7,513
Telephone	9,751	25,749
Travel and conference	23,377	20,938
Utilities	25,617	21,490
Workers' Compensation insurance	4,571	25,653
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 1,393,239</u>	<u>\$ 1,337,276</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2022 and 2021

NOTE S - FUNCTIONAL EXPENSES (CONTINUED)

Habitat Management Expenses:

	<u>2022</u>	<u>2021</u>
Contract labor	\$ 14,235	\$ 9,219
Depreciation	49,049	58,755
General office	1,264	1,218
Health, dental, life, and disability insurance	20,504	25,890
Miscellaneous	0	855
Payroll taxes	15,727	15,153
Postage and shipping	44	25
Printing and copying	709	246
Professional fees	0	600
Program	9,486	0
Repairs and maintenance	23,372	15,004
Retirement plan contribution	10,318	6,404
Salaries and wages	220,878	195,399
Supplies and equipment	5,798	19,923
Telephone	3,908	4,812
Travel and conference	69	20
Utilities	4,347	4,405
Workers' Compensation insurance	2,286	3,046
TOTAL HABITAT MANAGEMENT EXPENSES	<u>\$ 381,994</u>	<u>\$ 360,974</u>

Land Acquisition Expenses:

	<u>2022</u>	<u>2021</u>
Depreciation	\$ 30,237	\$ 33,165
General office	0	64
Program	23,754	0
Repairs and maintenance	45,269	0
Professional fees	0	7,030
TOTAL LAND ACQUISITION EXPENSES	<u>\$ 99,260</u>	<u>\$ 40,259</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2022 and 2021

NOTE S - FUNCTIONAL EXPENSES (CONTINUED)

Marine Lab Expenses:

	<u>2022</u>	<u>2021</u>
Contract labor	\$ 2,480	\$ 4,825
Depreciation	141,479	145,873
General office	2,721	1,850
Health, dental, life, and disability insurance	35,011	34,736
Miscellaneous	0	5,000
Payroll taxes	27,836	26,865
Postage and shipping	323	1,094
Printing and copying	990	0
Professional fees	79,128	72,143
Program	126,147	0
Rent	84,000	84,000
Repairs and maintenance	24,658	15,584
Retirement plan contribution	25,566	12,391
Salaries and wages	376,218	342,410
Supplies and equipment	30,752	24,081
Telephone	6,421	6,383
Travel and conference	666	0
Utilities	5,090	5,062
Workers' Compensation insurance	3,429	6,280
TOTAL MARINE LAB EXPENSES	<u>\$ 972,915</u>	<u>\$ 788,577</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2022 and 2021

NOTE S - FUNCTIONAL EXPENSES (CONTINUED)

Native Landscapes and Garden Center Expenses:

	<u>2022</u>	<u>2021</u>
Bank fees	\$ 0	\$ 2,650
Contract labor	19,885	12,425
Depreciation	9,230	12,472
General office	3,858	2,561
Health, dental, life, and disability insurance	26,644	28,730
Payroll taxes	14,817	16,108
Postage and shipping	9	13
Printing and copying	827	339
Professional fees	489	0
Program	79,724	63,823
Repairs and maintenance	36,496	9,580
Retirement plan contribution	12,086	7,661
Salaries and wages	202,665	205,580
Supplies and equipment	5,235	2,306
Telephone	2,428	3,677
Travel and conferences	556	4,121
Utilities	11,039	8,212
Workers' Compensation insurance	2,286	4,351
TOTAL NATIVE LANDSCAPES AND GARDEN CENTER EXPENSES	<u>\$ 428,274</u>	<u>\$ 384,609</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2022 and 2021

NOTE S - FUNCTIONAL EXPENSES (CONTINUED)

Sanibel Sea School Expenses:

	<u>2022</u>	<u>2021</u>
Bank fees	\$ 0	\$ 2,244
Contract labor	51,724	19,645
Depreciation	69,162	66,864
General office	14,008	7,135
Health, dental, life, and disability insurance	58,946	52,216
Miscellaneous expense	0	350
Payroll taxes	25,032	25,899
Postage and shipping	451	1,543
Printing and copying	969	1,332
Professional fees	8,169	27,302
Program	113,079	65,126
Repairs and maintenance	39,497	23,045
Retirement plan contribution	23,187	12,315
Salaries and wages	339,381	326,734
Supplies and equipment	6,855	23,276
Telephone	3,701	5,827
Travel and conference	855	469
Utilities	10,754	8,082
Workers' Compensation insurance	4,000	5,358
TOTAL SANIBEL SEA SCHOOL EXPENSES	<u>\$ 769,770</u>	<u>\$ 674,762</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

June 30, 2022 and 2021

NOTE S - FUNCTIONAL EXPENSES (CONTINUED)

Total Expenses:

	<u>2022</u>	<u>2021</u>
Bad debt	\$ 21,949	\$ 12,052
Bank fees	19,347	16,103
Contract labor	324,125	289,540
Depreciation	352,732	353,368
Fundraising	177,227	16,525
General office	59,966	30,903
Health, dental, life, and disability insurance	210,683	194,157
Insurance	241,495	228,188
Investment expenses	70,779	55,138
Loss on disposition of asset	1,768	0
Meals	12,667	8,558
Miscellaneous	19,945	15,899
Payroll taxes	158,901	137,859
Postage and shipping	9,108	9,365
Printing and copying	51,127	48,138
Professional fees	420,953	344,116
Program	352,190	128,949
Rent	117,750	84,000
Repairs and maintenance	237,934	106,122
Retirement plan contributions	124,341	62,249
Salaries and wages	2,182,997	1,911,890
Supplies and equipment	82,716	103,689
Telephone	28,077	46,448
Travel and conferences	33,397	26,195
Utilities	56,847	47,251
Workers' Compensation insurance	20,001	50,599
TOTAL EXPENSES	<u>\$ 5,389,022</u>	<u>\$ 4,327,301</u>