

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

**FINANCIAL STATEMENTS**

June 30, 2023 and 2022

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February 1, 2024

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, 2023 and 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our 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

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

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	<b>2023</b>	(As Restated) <b>2022</b>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 3,954,959	\$ 8,215,329
Certificate of deposits	4,569,661	0
Investments	9,749,590	7,065,526
Reimbursable grant receivables	103,550	238,992
Insurance proceeds receivable	232,268	0
Inventory	41,019	36,232
Prepaid insurance	133,125	105,760
Land	24,352,864	21,486,721
Property and equipment, net	4,094,964	3,839,779
Construction in progress	1,975,018	313,558
Other assets	5,400	5,400
TOTAL ASSETS	<u>\$ 49,212,418</u>	<u>\$ 41,307,297</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>LIABILITIES</u></b>		
Accounts payable	\$ 834,543	\$ 105,551
Accrued expenses	387,477	391,537
Annuity obligations	55,077	140,701
TOTAL LIABILITIES	<u>1,277,097</u>	<u>637,789</u>
<b><u>NET ASSETS</u></b>		
Without donor restrictions:		
Undesignated	11,077,510	5,648,196
Designated by the board:		
Land preservation	20,125,289	19,875,315
Other	7,095,588	9,333,130
	<u>38,298,387</u>	<u>34,856,641</u>
With donor restrictions	9,636,934	5,812,867
TOTAL NET ASSETS	<u>47,935,321</u>	<u>40,669,508</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 49,212,418</u>	<u>\$ 41,307,297</u>

See accompanying notes to financial statements

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

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

Year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>REVENUE, GAINS AND OTHER SUPPORT</u></b>			
Contributions	\$ 5,857,542	\$ 2,618,600	\$ 8,476,142
In-kind contributions	90,364	1,867,124	1,957,488
Native Landscapes and Garden			
Center sales	129,588	0	129,588
Fundraising events	114,065	0	114,065
Grant revenue	526,423	0	526,423
Interest and dividends	89,242	115,616	204,858
Change in value of investments	263,101	236,684	499,785
Other revenue	506,585	0	506,585
Insurance proceeds	1,186,869	0	1,186,869
Net assets released from restrictions	1,013,957	(1,013,957)	0
TOTAL REVENUE, GAINS AND OTHER SUPPORT	9,777,736	3,824,067	13,601,803
<b><u>EXPENSES</u></b>			
Coastal watch	80,792	0	80,792
Coastal wildlife	491,009	0	491,009
Environmental education	304,331	0	304,331
Environmental policy	457,965	0	457,965
Fundraising	42,936	0	42,936
General and administrative	1,598,570	0	1,598,570
Habitat management	655,984	0	655,984
Land acquisition	48,767	0	48,767
Loss on disposition of hurricane damaged assets	751,160	0	751,160
Marine Lab	738,218	0	738,218
Native Landscapes and Garden			
Center	454,353	0	454,353
Sanibel Sea School	711,905	0	711,905
TOTAL EXPENSES	6,335,990	0	6,335,990
INCREASE IN NET ASSETS	3,441,746	3,824,067	7,265,813
<b><u>NET ASSETS</u></b>			
Beginning of year	34,856,641	5,812,867	40,669,508
End of year	\$ 38,298,387	\$ 9,636,934	\$ 47,935,321

See accompanying notes to financial statements

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

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

Year ended June 30, 2022

	<u>(As Restated)</u> <u>Without Donor</u> <u>Restrictions</u>	<u>(As Restated)</u> <u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<u>REVENUE, GAINS AND</u>			
<u>OTHER SUPPORT</u>			
Contributions	\$ 2,803,219	\$ 1,635,779	\$ 4,438,998
In-kind contributions	128,150	0	128,150
Native Landscapes and Garden			
Center sales	161,218	0	161,218
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	632,234	0	632,234
Net assets released from restrictions	209,095	(209,095)	0
TOTAL REVENUE, GAINS AND OTHER SUPPORT	4,807,288	920,148	5,727,436
<u>EXPENSES AND LOSSES</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	78,425	0	78,425
Loss on disposition of asset	1,768	0	1,768
Marine Lab	923,274	0	923,274
Native Landscapes and Garden			
Center	428,274	0	428,274
Sanibel Sea School	769,770	0	769,770
TOTAL EXPENSES	5,318,546	0	5,318,546
INCREASE IN NET ASSETS	(511,258)	920,148	408,890
<u>NET ASSETS</u>			
Beginning of year	35,367,899	4,892,719	40,260,618
End of year	\$ 34,856,641	\$ 5,812,867	\$ 40,669,508

See accompanying notes to financial statements

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

STATEMENTS OF CASH FLOWS

Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>(As Restated) 2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in net assets	\$ 7,265,813	\$ 408,890
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	441,673	352,732
In-kind contributions	(1,867,124)	0
Increase in certificate of deposits	(4,569,661)	0
Change in value of investments	(499,785)	1,038,098
Bad debt	0	21,949
Loss on disposition of assets	751,160	1,768
(Increase) decrease in reimbursable grant receivables	135,442	(204,950)
Decrease in unconditional promises to give	0	18,659
Increase in insurance proceeds receivable	(232,268)	0
(Increase) decrease in inventory	(4,787)	5,055
(Increase) decrease in prepaid insurance	(27,365)	22,679
Increase in accounts payable and accrued expenses	724,932	186,612
Decrease in annuity obligations	(85,624)	(78,729)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,032,406</u>	<u>1,772,763</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of land	(999,019)	(284,996)
Purchase of property and equipment	(1,334,438)	(523,138)
Payments for construction in progress	(1,775,184)	(263,033)
Proceeds from sale of assets	500	8,720
Proceeds from sales of investments	3,138,897	2,616,724
Purchases of investments	(5,323,532)	(2,607,586)
NET CASH USED IN INVESTING ACTIVITIES	<u>(6,292,776)</u>	<u>(1,053,309)</u>
NET INCREASE (DECREASE) IN CASH	(4,260,370)	719,454
<u>CASH</u>		
Beginning of year	<u>8,215,329</u>	<u>7,495,875</u>
End of year	<u>\$ 3,954,959</u>	<u>\$ 8,215,329</u>

See accompanying notes to financial statements



# SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

### 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, 2023 and 2022. 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.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023 and 2022

**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.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023 and 2022

**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, 2023 and 2022.

**Grant Revenue:**

The Foundation has been the recipient of several grants during the years ended June 30, 2023 and 2022. 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, 2023 and 2022 totaled \$586,852 and \$671,172, 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, 2023 and 2022 was \$9,600 and \$5,260, 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.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023 and 2022

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

**Subsequent Events:**

Management evaluated all activity of the Foundation through February 1, 2024, 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

## SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023 and 2022

#### **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.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023 and 2022

**NOTE B - ENDOWMENT (CONTINUED)**

Endowment net asset composition as of June 30, 2023 and 2022 and during the years then ended is as follows:

	<u>2023</u>	(As Restated) <u>2022</u>
Endowment net assets - Beginning of year	\$ 3,735,542	\$ 4,291,139
Investment return:		
Net appreciation (depreciation)	192,306	(655,775)
Contributions	1,062,850	100,178
Endowment net assets - End of year	<u>\$ 4,990,698</u>	<u>\$ 3,735,542</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>2023</u>	<u>2022</u>
Money market funds	\$ 1,642,984	\$ 196,644
Common stock	1,684,103	1,508,171
Foreign stock	209,463	180,131
Mutual funds	6,213,040	5,180,580
	<u>\$ 9,749,590</u>	<u>\$ 7,065,526</u>

Of the above, Merrill Lynch Consultants Service managed \$405,670, Sanibel Captiva Trust Company managed \$4,037,710, and JP Morgan Chase & Co. managed \$5,306,210 at June 30, 2023.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023 and 2022

**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, 2023 and 2022:

	Investments at fair value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,642,984	\$ 0	\$ 0	\$ 1,642,984
Common stock	1,684,103	0	0	1,684,103
Foreign stock	209,463	0	0	209,463
Mutual funds	6,213,040	0	0	6,213,040
Total assets at fair value	\$ 9,749,590	\$ 0	\$ 0	\$ 9,749,590

	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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023 and 2022

**NOTE E - PROPERTY AND EQUIPMENT**

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

	<b>2023</b>	(As restated) 2022
Buildings	\$ 2,239,134	\$ 2,691,524
Equipment	3,339,517	3,210,964
Furniture and fixtures	33,078	68,886
Housing	0	276,417
Exhibit area	0	20,753
Bailey Homestead	1,118,946	818,841
Intangible assets, net of amortization	10,364	11,905
Puschel Preserve	139,590	0
Construction in progress	1,975,018	313,558
	8,855,647	7,412,848
Less accumulated depreciation	2,785,665	3,259,511
	\$ 6,069,982	\$ 4,153,337

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

	<b>2023</b>	2022
Land acquisition	31,018	\$ 30,237
Native Landscapes and Garden Center	14,330	9,230
Habitat management	256,481	49,049
Marine Lab	0	141,479
Sanibel Sea School	75,532	69,162
Coastal wildlife	23,169	17,705
General and administrative	41,143	35,870
	\$ 441,673	\$ 352,732



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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023 and 2022

**NOTE F - OTHER ASSETS**

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

	2023	2022
Original duck stamp print	\$ 4,000	\$ 4,000
Original Havell engraving	1,400	1,400
	\$ 5,400	\$ 5,400

**NOTE G - 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, 2023 and 2022, the balance of invested funds and related annuity obligations totaled \$55,077 and \$140,701, respectively. The present value of future payment liabilities on these deferred gift annuity agreements as of June 30, 2023 and 2022 is \$18,437 and \$52,307 respectively. On October 20, 2010, the Board of Trustees voted to suspend the offering of annuity agreements.

**NOTE H - NET ASSETS WITH DONOR RESTRICTIONS**

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

	2023	(As Restated) 2022
Restricted for purposes of environmental education	\$ 245,661	\$ 272,550
Restricted for shorebird conservation	202,665	190,926
Restricted for purposes of providing scholarships for native landscapes and garden interns	323,024	305,165
General operations	1,878,544	1,263,390
Restricted for habitat management	1,335,766	902,648
Restricted for marine laboratory program	822,818	951,739
Restricted for sea turtle conservation	120,131	112,917
Restricted for maintaining an internship program	282,447	265,966
Restricted for conservation education	405,527	384,171
Restricted for La Gorce Housing	273,276	211,812
Restricted for coastal wildlife	66,923	66,850
Time restricted contributions	50,000	50,000
Restricted for land preservation	3,630,152	834,733
	\$ 9,636,934	\$ 5,812,867

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023 and 2022

**NOTE I - NON-CASH INVESTING ACTIVITIES**

During the year ended June 30, 2023, the Foundation disposed of various property and equipment with a total cost of \$1,666,823 and total accumulated depreciation of \$913,979. The Foundation also converted construction in progress of \$102,924 into fixed assets and received donated land valued at \$1,867,124.

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.

**NOTE J - OTHER REVENUE**

Other revenue consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Admissions	\$ 129,041	\$ 60,540
Tuition income	257,745	322,295
Miscellaneous program income	119,799	249,399
	<u>\$ 506,585</u>	<u>\$ 632,234</u>

**NOTE K - 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, 2023 and 2022, employer contributions to the plan were charged to the following cost centers:

	<u>2023</u>	<u>2022</u>
Coastal watch	\$ 3,109	\$ 439
Coastal wildlife	13,265	14,018
Environmental policy	18,452	20,480
Environmental education	9,301	8,209
General and administrative	21,335	10,038
Habitat management	12,609	10,318
Marine Lab	25,184	25,566
Native Landscapes and Garden Center	12,049	12,086
Sanibel Sea School	20,754	23,187
	<u>\$ 136,058</u>	<u>\$ 124,341</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023 and 2022

**NOTE L - LEASES**

The Foundation has made an accounting policy election to utilize the short-term lease practical expedient to account for its current month-to-month copier leases. The Foundation entered into two copier lease agreements with terms beginning after year end through 2028 with monthly payments of \$444. The Foundation will consider the application of ASC 842 to the subsequent leases in future periods. The Foundation's temporary office lease ended July 2023 with a final payment of \$3,994.

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, 2023 and 2022, 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, 2023 are as follows:

2024	\$	8,959
2025		5,323
2026		5,323
2027		5,323
2028		4,247
	\$	<u>29,175</u>

**NOTE M - MAJOR CONTRIBUTORS**

The Foundation had six contributors that constituted 54% of the Foundation's June 30, 2023 contributions revenue. Additionally, the Foundation had six contributors that constituted 31% of the Foundation's June 30, 2022 contributions revenue.

**NOTE N - IN-KIND CONTRIBUTIONS**

In-kind contributions as of June 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,867,124	\$ 0
Equipment and supplies	6,364	44,150
Rent	84,000	84,000
	<u>\$ 1,957,488</u>	<u>\$ 128,150</u>

# SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023 and 2022

### 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, 2023, the Foundation had cash above the FDIC insured amount to the extent of \$2,888,270. Of these cash balances, all are collateralized by securities pledged to the Foundation by the financial institution.

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 - 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:

		(As Restated)
	2023	2022
Financial assets:		
Cash	\$ 3,954,959	\$ 8,215,329
Certificates of deposit	4,569,661	0
Investments	9,749,590	7,065,526
Reimbursable grant receivables	103,550	238,992
Insurance proceeds receivable	232,268	0
TOTAL FINANCIAL ASSETS	<u>18,610,028</u>	15,519,847
Less those unavailable for general expenditure within one year:		
Restricted investments	6,006,782	4,978,134
FINANCIAL ASSETS AVAILABLE WITHIN ONE YEAR	<u>\$ 12,603,246</u>	<u>\$ 10,541,713</u>

### NOTE Q - HURRICANE IAN

On September 28, 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 gross proceeds from insurance reimbursements is reflected in the item "Hurricane Ian Insurance Proceeds" in the Statement of Activities and Changes in Net Assets for the year ended June 30, 2023.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023 and 2022

**NOTE R - PRIOR PERIOD ADJUSTMENT**

The Organization's financial statements as of June 30, 2022 contained an error related to the classification of net assets with donor restrictions and an error in which prior year fixed assets were expensed. The accompanying financial statements for 2022 have been restated to reflect the corrections. Net assets at July 1, 2022, was only affected by the error in expensing of fixed assets and resulted in net assets being understated by \$70,476. The reclassification adjustment between net assets had no effect on net assets at July 1, 2022 and was corrected as a result of information obtained in the June 30, 2023 audit. Net assets with donor restrictions was found to be understated by \$424,759 and net assets without donor restrictions was found to be overstated by \$424,759.

**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>2023</u>	<u>2022</u>
General office	\$ 690	\$ 1,680
Health, dental, life, and disability insurance	3,490	652
Payroll taxes	4,951	368
Printing and copying	0	135
Retirement plan contribution	3,109	439
Salaries and wages	66,345	4,800
Supplies and equipment	707	82
Travel and conference	966	0
Workers' Compensation insurance	534	0
TOTAL COASTAL WATCH EXPENSES	<u>\$ 80,792</u>	<u>\$ 8,156</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023 and 2022

**NOTE S - FUNCTIONAL EXPENSES (CONTINUED)**

Coastal Wildlife Expenses:

	<u>2023</u>	<u>2022</u>
Contract labor	\$ 31,486	\$ 41,500
Depreciation	23,169	17,705
General office	490	389
Health, dental, life, and disability insurance	26,046	24,622
Miscellaneous	1,473	0
Payroll taxes	22,445	20,256
Postage and shipping	429	352
Printing and copying	1,207	3,122
Professional fees	29,140	112,580
Repairs and maintenance	18,541	19,437
Retirement plan contribution	13,265	14,018
Salaries and wages	298,542	272,912
Supplies and equipment	15,902	13,494
Telephone	3,738	1,868
Travel and conference	3,002	4,083
Workers' Compensation insurance	2,134	2,286
TOTAL COASTAL WILDLIFE EXPENSES	<u>\$ 491,009</u>	<u>\$ 548,624</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023 and 2022

**NOTE S - FUNCTIONAL EXPENSES (CONTINUED)**

Environmental Education Expenses:

	<u>2023</u>	<u>2022</u>
General office	\$ 110	\$ 82
Health, dental, life, and disability insurance	19,888	19,527
Payroll taxes	17,034	13,398
Printing and copying	0	106
Professional fees	25,381	0
Retirement plan contribution	9,301	8,209
Salaries and wages	229,156	177,800
Supplies and equipment	765	439
Travel and conference	1,628	0
Workers' Compensation insurance	1,068	1,143
TOTAL ENVIRONMENTAL EDUCATION EXPENSES	<u>\$ 304,331</u>	<u>\$ 220,704</u>

Environmental Policy Expenses:

	<u>2023</u>	<u>2022</u>
Contract labor	\$ 6,589	\$ 0
General office	7,595	6,125
Health, dental, life, and disability insurance	19,866	15,319
Payroll taxes	22,235	22,346
Printing and copying	39	39
Professional fees	72,216	15,005
Retirement plan contribution	18,452	20,480
Salaries and wages	296,155	300,219
Supplies and equipment	1,062	3,767
Travel and conference	12,688	3,791
Workers' Compensation insurance	1,068	0
TOTAL ENVIRONMENTAL POLICY EXPENSES	<u>\$ 457,965</u>	<u>\$ 387,091</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023 and 2022

**NOTE S - FUNCTIONAL EXPENSES (CONTINUED)**

General and Administrative Expenses:

	2023	2022
Bad debt	\$ 0	\$ 21,949
Bank fees	20,849	19,347
Contract labor	230,021	194,301
Depreciation	41,143	35,870
General office	14,406	29,839
Health, dental, life, and disability insurance	31,063	9,458
Insurance	192,028	246,066
Investment expenses	86,721	70,779
Meals	13,579	12,667
Miscellaneous	11,900	19,945
Payroll taxes	31,258	19,121
Postage and shipping	2,812	7,929
Printing and copying	30,826	44,230
Professional fees	165,594	205,582
Rent	52,605	33,750
Repairs and maintenance	86,417	49,205
Retirement plan contribution	21,336	10,038
Salaries and wages	470,101	288,124
Supplies and equipment	10,924	16,294
Telephone	7,745	9,751
Travel and conference	59,682	23,377
Utilities	17,560	25,617
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$ 1,598,570	\$ 1,393,239



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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023 and 2022

**NOTE S - FUNCTIONAL EXPENSES (CONTINUED)**

Habitat Management Expenses:

	2023	2022
Contract labor	\$ 13,874	\$ 14,235
Depreciation	256,481	49,049
General office	512	1,264
Health, dental, life, and disability insurance	24,395	20,504
Miscellaneous	33	0
Payroll taxes	19,337	15,727
Postage and shipping	0	44
Printing and copying	1,011	709
Professional fees	82	0
Program	7,540	9,486
Rent	1,669	0
Repairs and maintenance	36,100	23,372
Retirement plan contribution	12,609	10,318
Salaries and wages	258,786	220,878
Supplies and equipment	8,909	5,798
Telephone	5,322	3,908
Travel and conference	3,642	69
Utilities	3,546	4,347
Workers' Compensation insurance	2,136	2,286
TOTAL HABITAT MANAGEMENT EXPENSES	\$ 655,984	\$ 381,994

Land Acquisition Expenses:

	2023	(As Restated) 2022
Depreciation	\$ 31,018	\$ 30,237
Program	12,413	23,754
Repairs and maintenance	5,336	24,434
TOTAL LAND ACQUISITION EXPENSES	\$ 48,767	\$ 78,425

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023 and 2022

**NOTE S - FUNCTIONAL EXPENSES (CONTINUED)**

Marine Lab Expenses:

	<b>2023</b>	(As Restated) <b>2022</b>
Contract labor	\$ 9,072	\$ 2,480
Depreciation	0	141,479
General office	2,832	2,721
Health, dental, life, and disability insurance	35,783	35,011
Payroll taxes	30,313	27,836
Postage and shipping	511	323
Printing and copying	273	990
Professional fees	33,363	29,487
Program	48,050	126,147
Rent	85,062	84,000
Repairs and maintenance	31,193	24,658
Retirement plan contribution	25,184	25,566
Salaries and wages	407,381	376,218
Supplies and equipment	14,242	30,752
Telephone	5,772	6,421
Travel and conference	1,715	666
Utilities	4,802	5,090
Workers' Compensation insurance	2,670	3,429
TOTAL MARINE LAB EXPENSES	\$ 738,218	\$ 923,274

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023 and 2022

**NOTE S - FUNCTIONAL EXPENSES (CONTINUED)**

Native Landscapes and Garden Center Expenses:

	<b>2023</b>	<b>2022</b>
Contract labor	\$ 4,320	\$ 19,885
Depreciation	14,330	9,230
General office	3,791	3,858
Health, dental, life, and disability insurance	26,991	26,644
Miscellaneous	4,471	0
Payroll taxes	16,812	14,817
Postage and shipping	9	9
Printing and copying	339	827
Professional fees	0	489
Program	110,967	79,724
Rent	417	0
Repairs and maintenance	15,020	36,496
Retirement plan contribution	12,048	12,086
Salaries and wages	227,721	202,665
Supplies and equipment	1,328	5,235
Telephone	3,562	2,428
Travel and conferences	250	556
Utilities	9,307	11,039
Workers' Compensation insurance	2,670	2,286
TOTAL NATIVE LANDSCAPES AND GARDEN CENTER EXPENSES	\$ 454,353	\$ 428,274

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023 and 2022

**NOTE S - FUNCTIONAL EXPENSES (CONTINUED)**

Sanibel Sea School Expenses:

	<u>2023</u>	<u>2022</u>
Contract labor	\$ 40,047	\$ 51,724
Depreciation	75,532	69,162
General office	4,069	14,008
Health, dental, life, and disability insurance	36,770	58,946
Miscellaneous expense	13,550	0
Payroll taxes	26,423	25,032
Postage and shipping	137	451
Printing and copying	1,102	969
Professional fees	0	8,169
Program	104,272	113,079
Rent	584	0
Repairs and maintenance	17,939	39,497
Retirement plan contribution	20,754	23,187
Salaries and wages	347,564	339,381
Supplies and equipment	7,744	6,855
Telephone	3,491	3,701
Travel and conference	2,632	855
Utilities	6,092	10,754
Workers' Compensation insurance	3,203	4,000
TOTAL SANIBEL SEA SCHOOL EXPENSES	<u>\$ 711,905</u>	<u>\$ 769,770</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023 and 2022

**NOTE S - FUNCTIONAL EXPENSES (CONTINUED)**

Total Expenses:

	<b>2023</b>	<b>(As Restated) 2022</b>
Bad debt	\$ 0	\$ 21,949
Bank fees	20,849	19,347
Contract labor	335,409	324,125
Depreciation	441,673	352,732
Fundraising	42,936	177,227
General office	34,495	59,966
Health, dental, life, and disability insurance	224,292	210,683
Insurance	192,028	241,495
Investment expenses	86,721	70,779
Loss on disposition of asset	751,160	1,768
Meals	13,579	12,667
Miscellaneous	101,393	19,945
Payroll taxes	190,808	158,901
Postage and shipping	3,898	9,108
Printing and copying	34,797	51,127
Professional fees	325,776	371,312
Program	283,242	352,190
Rent	140,337	117,750
Repairs and maintenance	140,580	217,099
Retirement plan contributions	136,058	124,341
Salaries and wages	2,601,751	2,182,997
Supplies and equipment	61,583	82,716
Telephone	29,630	28,077
Travel and conferences	86,205	33,397
Utilities	41,307	56,847
Workers' compensation insurance	15,483	20,001
<b>TOTAL EXPENSES</b>	<b>\$ 6,335,990</b>	<b>\$ 5,318,546</b>