

FRIENDS OF THE ISLAND PARKS, INC.

Financial Statements

December 31, 2020

(With Independent Auditors' Report Thereon)

FRIENDS OF THE ISLAND PARKS, INC.

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Fontana CPAs, P.A.

Independent Auditors' Report

The Board of Directors
Friends of the Island Parks, Inc.:

We have audited the accompanying financial statements of Friends of the Island Parks, Inc. (FOTIP or the Organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of the Island Parks, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

FONTANA CPAs

A stylized, handwritten signature of "Fontana CPAs" in black ink.

July 22, 2021

FRIENDS OF THE ISLAND PARKS, INC.

Statement of Financial Position

December 31, 2020

Assets	2020
Current assets:	
Cash and cash equivalents	\$ 300,917
Investments	15,984
Inventory	8,916
Prepaid expenses	748
Total current assets	<u>326,565</u>
Property and equipment, net of accumulated depreciation of \$2,466	<u>999</u>
Total assets	<u><u>\$ 327,564</u></u>

Liabilities and Net Assets

Current liabilities:	
Accounts payable	\$ 189,969
Other accrued expenses	1,980
Total current liabilities	<u>191,949</u>
Total liabilities	<u>191,949</u>
Net assets:	
Without donor restrictions	135,615
With donor restrictions	—
Total net assets	<u>135,615</u>
Total liabilities and net assets	<u><u>\$ 327,564</u></u>

See accompanying notes to financial statements.

FRIENDS OF THE ISLAND PARKS, INC.

Statement of Activities

Year ended December 31, 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total 2020</u>
Revenue and other support:			
Contributions	\$ 134	\$ 93,940	\$ 94,074
Nature center sales	31,991	—	31,991
Membership dues	28,554	—	28,554
Interest income	1,731	—	1,731
Net assets released from restrictions	759,500	(759,500)	—
Total revenue and other support	<u>821,910</u>	<u>(665,560)</u>	<u>156,350</u>
Expenses:			
Program services	947,585	—	947,585
Management and general	16,758	—	16,758
Total expenses	<u>964,343</u>	<u>—</u>	<u>964,343</u>
Decrease in net assets	(142,433)	(665,560)	(807,993)
Net assets at beginning of year	<u>278,048</u>	<u>665,560</u>	<u>943,608</u>
Net assets at end of year	<u>\$ 135,615</u>	<u>\$ —</u>	<u>\$ 135,615</u>

See accompanying notes to financial statements.

FRIENDS OF THE ISLAND PARKS, INC.

Statement of Functional Expenses

Year ended December 31, 2020

	Program Services	Supporting services (management and general)	Total 2020
Caladesi Discovery Center expenses	\$ 897,992	\$ —	\$ 897,992
Contributions to parks	27,069	—	27,069
Cost of good sold	18,892	—	18,892
Investment loss, net	—	5,440	5,440
Other	3,286	302	3,588
Bank and credit card fees	—	3,203	3,203
Professional fees	—	1,950	1,950
Fundraising event expenses	—	1,790	1,790
Telephone and internet	—	1,500	1,500
Supplies	—	1,178	1,178
Computer and software	—	933	933
Insurance	—	257	257
Dues and subscriptions	—	135	135
Postage and delivery	—	70	70
Total expenses before depreciation	<u>947,239</u>	<u>16,758</u>	<u>963,997</u>
Depreciation and amortization	<u>346</u>	<u>—</u>	<u>346</u>
Total expenses	<u>\$ 947,585</u>	<u>\$ 16,758</u>	<u>\$ 964,343</u>

See accompanying notes to financial statements.

FRIENDS OF THE ISLAND PARKS, INC.

Statement of Cash Flows

Year ended December 31, 2020

	<u>2020</u>
Cash flows from operating activities:	
Change in net assets	\$ (807,993)
Adjustments to reconcile excess to cash provided by operating activities:	
Depreciation and amortization	346
Realized and unrealized loss on investments	5,440
Decrease in:	
Accounts receivable	224,500
Inventory	7,291
Prepaid expenses	400
Increase/(decrease) in:	
Accounts payable	189,969
Other accrued expenses	(4,378)
Net cash provided by operating activities	<u>(384,425)</u>
Cash flows from investing activities:	
Proceeds from the sale of investments	<u>650,000</u>
Net cash used in investing activities	<u>650,000</u>
Net change in cash and cash equivalents	265,575
Cash and cash equivalents at beginning of year	<u>35,342</u>
Cash and cash equivalents at end of year	<u><u>\$ 300,917</u></u>

See accompanying notes to financial statements.

FRIENDS OF THE ISLAND PARKS, INC.

Notes to the Financial Statements

Year ended December 31, 2020

(1) Summary of Significant Accounting Policies

(a) *Nature of Operations*

Friends of the Island Parks, Inc., (the Organization) is a Citizen Support Organization formed in 2002 by a small group of people who were dedicated to preserving, protecting and promoting Caladesi Island and Honeymoon Island State Parks. The Friends serve as a non-profit corporation to generate both financial and volunteer resources that support the mission and best interest of the parks.

(b) *Basis of Accounting*

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and to present net assets and revenue, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restriction – Net assets not subject to donor-imposed stipulations.

Net assets with donor restriction – Net assets that are subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Revenue recognition – Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue of the net assets without donor restrictions class.

(c) *Cash and Cash Equivalents*

The Organization considers all highly liquid investments with maturity of three months or less to be cash equivalents for the purpose of determining cash flows.

(d) *Fair Value of Financial Instruments*

FASB Accounting Standards Codification (ASC) 820 *Fair Value Measurements and Disclosures* defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements.

ASC 820 *Fair Value Measurements and Disclosures* establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

FRIENDS OF THE ISLAND PARKS, INC.

Notes to the Financial Statements

Year ended December 31, 2020

(d) Fair Value of Financial Instruments (continued)

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2020.

(e) Property, Plant and Equipment

Property and equipment are stated at cost, if purchased, or at estimated fair value at the date of receipt if acquired by gift. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the respective assets. Major renewals and betterments are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. It is the policy of the Organization to maintain all property and equipment in good condition. The Organization capitalizes assets whose life is over a year and cost is over \$1,000.

(f) Inventory

Inventories consist primarily of purchased and donated nature-based retail items for resale. Purchased inventory is valued at the lower of cost or market. Cost is determined on the first-in, first-out method. Donated inventory is valued at its fair value at the time of contribution.

(g) Functional Allocation of Expenses

Expenses by function have been allocated among program and supporting services classifications on the basis of estimates made by the Organization's management.

(h) Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Income Tax Code. Management is unaware of any activities that would jeopardize the Organization's tax-exempt status or activities subject to tax on unrelated business income. Friends of the Island Parks, Inc. is required to complete and file Internal Revenue Service Form 990, Return of Organization Exempt from Income Tax, and is subject to examination by taxing authorities.

FRIENDS OF THE ISLAND PARKS, INC.

Notes to the Financial Statements

Year ended December 31, 2020

(i) ***In-Kind Services***

Volunteers have donated substantial time to the Organization in various capacities. However, these services are not reflected in the financial statements since the services do not require specialized skills. The value of other contributed services meeting the requirements for recognition in the financial statements was not material and has not been reflected in the financial statements.

(j) ***Use of Estimates***

Management of the Organization has made a number of estimates and assumptions relating to the reporting of assets and liabilities, as well as pro rata allocations in the recording of expenditures, to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(2) **New Accounting Pronouncements**

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, Leases, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is evaluating the potential effects ASU 2016-02 will have on its financial statements.

(3) **Liquidity and Availability of Financial Assets**

The following represents the Organization's financial assets as of the date of the Statement of Financial Position, reduced by amounts not available for general use because of contractual or donor-imposed restrictions with-in one year of the statement of financial position date.

Cash and cash equivalents	\$	300,917
Investments		15,984
Total liquid financial assets, at year-end	\$	<u>316,901</u>
Less those unavailable for general expenditures within one year:		
Accounts payable and accrued expenses		<u>(191,949)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>124,952</u></u>

The financial assets available to meet cash needs for general expenditures in the amount of \$124,952 above represents approximately 682 days of operating expenses (excluding one-time expenses). The Organization's goal is to maintain financial assets to meet 30 days of operating expenses.

FRIENDS OF THE ISLAND PARKS, INC.

Notes to the Financial Statements

Year ended December 31, 2020

(4) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of allocation</u>
Other	Managements estimate of benefit derived

(5) Investments

The Organization's investments are recorded based on fair value. The following is a schedule of the fair value of investments held at December 31, 2020:

	<u>Amount</u>	<u>% of Investments</u>
Exchange traded funds	\$ 15,984	100%
	<u>\$ 15,984</u>	<u>100%</u>

The following are the components of the investment loss for the year ended December 31, 2020:

Realized and unrealized losses	\$ (5,711)
Interest and dividends	<u>271</u>
	<u>\$ (5,440)</u>

(6) Assets Measured at Fair Value on a Recurring Basis

Assets measured at fair value on a recurring basis were measured using ASC 820 input guidance and valuation techniques as follows:

Fair Value Measurements at Reporting Date Using

	<u>Quoted Prices in Active Markets for Identical Assets Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Observable Inputs Level 3</u>	<u>Total Fair Value</u>
Exchange traded funds	\$ 15,984	\$ —	\$ —	\$ 15,984
Total assets at fair value	<u>\$ 15,984</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 15,984</u>

FRIENDS OF THE ISLAND PARKS, INC.

Notes to the Financial Statements

Year ended December 31, 2020

(7) Property, Plant and Equipment

Property, plant and equipment consist of the following at December 31, 2020:

		<u>Estimated useful lives</u>
Furniture, fixtures and equipment	\$ 3,465	10 years
	<u>\$ 3,465</u>	
Less accumulated depreciation	(2,466)	
	<u>\$ 999</u>	

Depreciation expense totaled \$346 for the year ended December 31, 2020.

(8) Concentrations

The amount of the Organization's cash deposited in a single financial institution exceeds amounts insured by the FDIC and NCUA at December 31, 2020 (\$44,716 of the funds were uninsured as of December 31, 2020).

(9) Uncertainties

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

(10) Subsequent Events

Management has evaluated subsequent events through July 22, 2021, the date which the financial statements were available for issue. No subsequent events requiring disclosure were noted by management.