

**FRIENDS OF MACARTHUR BEACH  
STATE PARK, INC.**

**REPORT ON AUDITS OF FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

# FRIENDS OF MACARTHUR BEACH STATE PARK, INC.

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## Independent Auditors' Report

To the Board of Directors  
Friends of MacArthur Beach State Park, Inc.  
Palm Beach Gardens, Florida

### Opinion

We have audited the accompanying financial statements of Friends of MacArthur Beach State Park, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2021 and 2020, and the related statements of changes in net assets – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis 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 Friends of MacArthur Beach State Park, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Friends of MacArthur Beach State Park, 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 opinions.

### Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements. Management is responsible 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 of Friends of MacArthur Beach State Park, 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 and *Government 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 and *Government Auditing Standards*, we:

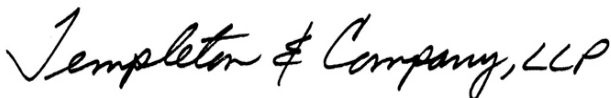
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 Friends of MacArthur Beach State Park, 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 Friends of MacArthur Beach State Park, 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.

### **Other Matter**

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2022 on our consideration of Friends of MacArthur Beach State Park, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Friends of MacArthur Beach State Park, Inc.'s internal control over financial reporting and compliance.



West Palm Beach, Florida  
July 19, 2022

**FRIENDS OF MACARTHUR BEACH STATE PARK, INC.**  
**STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS**  
**December 31, 2021 and 2020**

	2021	2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 541,433	\$ 379,601
Investments, at fair value (Note 3)	3,051,433	2,784,003
Inventory	20,530	41,186
Other current assets	293	-
Total current assets	3,613,689	3,204,790
Equipment, net of accumulated depreciation	9,332	11,607
Total assets	\$ 3,623,021	\$ 3,216,397
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accrued expenses	\$ 9,278	\$ 8,670
Net assets:		
Without donor restrictions	3,012,910	2,620,388
With donor restrictions	600,833	587,339
Total net assets	3,613,743	3,207,727
Total liabilities and net assets	\$ 3,623,021	\$ 3,216,397

See accompanying notes to financial statements.

**FRIENDS OF MACARTHUR BEACH STATE PARK, INC.**  
**STATEMENTS OF CHANGES IN NET ASSETS - MODIFIED CASH BASIS**  
**For the Years Ended December 31, 2021 and 2020**

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions	\$ 50,831	\$ -	\$ 50,831	\$ 35,737	\$ 14,936	\$ 50,673
Grants	103,301	71,563	174,864	54,685	54,417	109,102
Membership dues	164,178	-	164,178	77,985	-	77,985
Program revenue	124,754	-	124,754	30,006	-	30,006
Special events	13,957	-	13,957	25,161	-	25,161
Merchandise sales	173,941	-	173,941	53,685	-	53,685
Net investment return	262,380	62,441	324,821	237,146	54,676	291,822
Other income	889	-	889	8,051	-	8,051
Net assets released from restrictions (Note 5)	120,510	(120,510)	-	137,195	(137,195)	-
<b>Total support and revenue</b>	<b>1,014,741</b>	<b>13,494</b>	<b>1,028,235</b>	<b>659,651</b>	<b>(13,166)</b>	<b>646,485</b>
Expenses:						
Program services	442,140	-	442,140	341,189	-	341,189
Management and general	140,049	-	140,049	143,245	-	143,245
Fundraising	38,530	-	38,530	37,806	-	37,806
Special events	1,500	-	1,500	6,823	-	6,823
<b>Total expenses</b>	<b>622,219</b>	<b>-</b>	<b>622,219</b>	<b>529,063</b>	<b>-</b>	<b>529,063</b>
Change in net assets	392,522	13,494	406,016	130,588	(13,166)	117,422
Net assets - beginning of year	2,620,388	587,339	3,207,727	2,489,800	600,505	3,090,305
Net assets - end of year	<b>\$ 3,012,910</b>	<b>\$ 600,833</b>	<b>\$ 3,613,743</b>	<b>2,620,388</b>	<b>\$ 587,339</b>	<b>\$ 3,207,727</b>

See accompanying notes to financial statements.

**FRIENDS OF MACARTHUR BEACH STATE PARK, INC.**  
**STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS**  
**For the Years Ended December 31, 2021 and 2020**

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 406,016	\$ 117,422
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,197	6,230
Unrealized and realized gains on investments, net	(324,821)	(229,791)
Changes in operating assets and liabilities:		
Inventory	20,656	(7,577)
Other current assets	(293)	-
Accrued expenses	608	609
Net cash provided by (used in) operating activities	105,363	(113,107)
Cash flows from investing activities:		
Proceeds from sales (purchases of) investments	57,391	(29,531)
Purchases of equipment	(922)	-
Net cash provided by (used in) investing activities	56,469	(29,531)
Net increase (decrease) in cash and cash equivalents	161,832	(142,638)
Cash and cash equivalents, beginning of year	379,601	522,239
Cash and cash equivalents, end of year	\$ 541,433	\$ 379,601

See accompanying notes to financial statements.

**FRIENDS OF MACARTHUR BEACH STATE PARK, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**

**For the Year Ended December 31, 2021**

	Program Services				Total Program Services	Supporting Services			Total Expenses
	Park Development	Public Education	Visitor Services	Nature Foundation		Management and General	Fundraising	Special Events	
Salaries and benefits	\$ 59,004	\$ 23,602	\$ 29,502	\$ 5,900	\$ 118,008	\$ 107,660	\$ 10,346	\$ -	\$ 236,014
Contract services	20,282	8,113	10,141	2,027	40,563	-	-	-	40,563
Postage and shipping	134	267	266	-	667	-	-	-	667
Cost of inventory items sold	79,278	-	-	-	79,278	-	-	-	79,278
Travel	904	1,808	1,807	-	4,519	-	-	-	4,519
Repairs and maintenance	3,837	7,669	7,670	-	19,176	-	-	-	19,176
Insurance	1,930	3,859	3,859	-	9,648	-	-	-	9,648
Advertising	161	322	323	-	806	-	-	-	806
Professional fees and trainers	1,962	1,962	1,961	-	5,885	21,757	9,065	-	36,707
Office expense	2,363	4,724	4,725	-	11,812	9,452	2,360	-	23,624
Kayak program expenses	-	12,779	12,778	-	25,557	-	-	-	25,557
Park support and equipment	-	23,516	23,515	-	47,031	-	-	-	47,031
IT consulting and supplies	75,265	-	-	-	75,265	1,180	16,759	-	93,204
Direct cost of special events	-	-	-	-	-	-	-	1,500	1,500
Depreciation	-	-	3,197	-	3,197	-	-	-	3,197
Miscellaneous	-	364	364	-	728	-	-	-	728
<b>Total expenses</b>	<b>\$ 245,120</b>	<b>\$ 88,985</b>	<b>\$ 100,108</b>	<b>\$ 7,927</b>	<b>\$ 442,140</b>	<b>\$ 140,049</b>	<b>\$ 38,530</b>	<b>\$ 1,500</b>	<b>\$ 622,219</b>

See accompanying notes to financial statements.

**FRIENDS OF MACARTHUR BEACH STATE PARK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**  
**For the Year Ended December 31, 2020**

	Program Services				Total Program Services	Supporting Services			Total Expenses
	Park Development	Public Education	Visitor Services	Nature Foundation		Management and General	Fundraising	Special Events	
Salaries and benefits	\$ 59,646	\$ 23,859	\$ 29,823	\$ 5,965	\$ 119,293	\$ 108,831	\$ 10,458	\$ -	\$ 238,582
Contract services	21,275	8,510	10,638	2,127	42,550	-	-	-	42,550
Postage and shipping	43	84	83	-	210	-	-	-	210
Cost of inventory items sold	27,299	-	-	-	27,299	-	-	-	27,299
Travel	342	683	683	-	1,708	-	-	-	1,708
Repairs and maintenance	4,869	9,732	9,735	-	24,336	-	-	-	24,336
Insurance	2,282	4,565	4,565	-	11,412	-	-	-	11,412
Advertising	343	685	685	-	1,713	-	-	-	1,713
Professional fees and trainers	2,374	2,374	2,373	-	7,121	26,330	10,971	-	44,422
Office expense	1,763	3,526	3,527	-	8,816	7,055	1,761	-	17,632
Park support and equipment	-	3,299	3,298	-	6,597	-	-	-	6,597
IT consulting and supplies	65,640	-	-	-	65,640	1,029	14,616	-	81,285
Direct cost of special events	-	-	-	-	-	-	-	6,823	6,823
Depreciation	-	-	6,230	-	6,230	-	-	-	6,230
Miscellaneous	-	9,136	9,128	-	18,264	-	-	-	18,264
<b>Total expenses</b>	<b>\$ 185,876</b>	<b>\$ 66,453</b>	<b>\$ 80,768</b>	<b>\$ 8,092</b>	<b>\$ 341,189</b>	<b>\$ 143,245</b>	<b>\$ 37,806</b>	<b>\$ 6,823</b>	<b>\$ 529,063</b>

See accompanying notes to financial statements.

# FRIENDS OF MACARTHUR BEACH STATE PARK, INC.

## NOTES TO FINANCIAL STATEMENTS

### Note 1 – Nature of Activities and Summary of Significant Accounting Policies

#### Nature of activities

Friends of MacArthur Beach State Park, Inc. (Friends) is a nonprofit organization incorporated under the laws of the State of Florida and is a 501(c)(3) tax exempt organization under the Internal Revenue Code (IRC). Friends is funded primarily from contributions made by the public within the State of Florida, through paid programs provided to the public, and gift shop sales. Contributions are used to fund visitor services, public education, park development, and resource management.

#### Basis of accounting

Friends prepares its financial statements using the modified cash basis of accounting. Under this method, revenues are recognized when collected rather than when earned, and expenses, generally, are recognized when paid rather than when incurred. This basic approach is modified to include investments, inventory, value of contributed services, capitalized office and certain park equipment and related depreciation, and liabilities for sales tax and employee payroll taxes. Friends has also not consolidated the financial statements of The Nature Foundation, Inc., a nonprofit organization that Friends controls through a majority voting interest. The effects on these financial statements of not consolidating The Nature Foundation, Inc. have not been determined.

#### Basis of presentation

Net assets, revenue, expenses and gains and losses are classified as without donor restrictions and with donor restrictions based on the existence or absence, respectively, of contractual, grantor or donor-imposed restrictions. Accordingly, net assets of Friends and changes therein are classified as follows:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and are available for the support of Friends' operations. These net assets may be used at the discretion of Friends' management and the Board of Directors.

*Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of Friends or the passage of time. Friends has an endowment that is a permanent endowment.

#### Revenue recognition

Membership dues are recognized as revenue when received. Member events revenue is recognized at the time of the member event. Grant revenue is recognized when the requirements under the grant have been fulfilled and collected. Grant revenue that is by nature a charitable contribution is recognized when the contribution is received and reported as net assets with donor restrictions or net assets without donor restrictions depending on grantor-imposed restrictions. Fees for programs are recognized when the program takes place.

#### Measure of operations

The statements of changes in net assets – modified cash basis report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to Friends' ongoing education, preservation, and member services.

#### Grants and contributions

Friends records funding from unconditional grants in the period that the grant award is received. Unconditional contributions are recorded in the period that the contribution is received. Classification of grants and contributions as without donor restrictions or with donor restrictions is based upon any external stipulations that limit the use of the funds.

# FRIENDS OF MACARTHUR BEACH STATE PARK, INC.

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

### Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

#### Grants and contributions, continued

When a grantor or donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are then reclassified to net assets without donor restrictions and reported in the statements of changes in net assets – modified cash basis as net assets released from restrictions. Grants and contributions with donor restrictions are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

#### Income taxes

Friends' activities are generally exempt from federal and state and income taxes under Section 501(c)(3) of the IRC. Since Friends is exempt from federal and state income tax liability, no provision for income taxes is recorded in Friends' financial statements. Management is not aware of any transactions that would impact Friends' tax-exempt status.

Management analyzes tax positions in jurisdictions where it is required to file income tax returns. Based on its evaluation, management did not identify any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease.

Interest and penalties attributable to income taxes, if any, are included in operating expenses. No such interest or penalties were recorded for the years 2021 or 2020. Friends is no longer subject to federal, state, or local income tax examinations by taxing authorities for years prior to 2018.

#### Fair value measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, establishes 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). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. As of December 31, 2021 and 2020, Friends had no Level 2 or Level 3 assets or liabilities.

#### Contributed services

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received as in-kind contributions.

Many individuals volunteer their time and perform a variety of tasks to assist with the programs and other activities of Friends. The value of these services has not been recorded because the criteria for recognition have not been satisfied.

#### Cash and cash equivalents

Cash and cash equivalents includes amounts on deposit in general checking and savings accounts. Friends considers cash equivalents to be all short-term investments with an original maturity of 3 months or less.

#### Reclassifications

Certain amounts in the 2020 financial statements were reclassified to conform to the presentation in the 2021 financial statements.

# FRIENDS OF MACARTHUR BEACH STATE PARK, INC.

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

### Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

#### Investments

Investments consists of money market funds, mutual funds, exchange traded funds, and corporate bonds that are measured at fair value and are measured at their reported fair values based on quoted market prices.

Investment income and realized gains and losses on investments are recognized upon realization. Unrealized gains and losses are recognized on changes in fair values during the period. Net investment returns are reported in appropriate net asset classifications based upon the existence of donor restrictions, if any.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values of investments will occur in the near-term.

#### Inventory

Inventory held in the gift shop for resale is stated at the lower of cost or net realizable value determined on the first-in first-out method.

#### Accounting estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and the differences could be material.

#### Property and equipment

Certain equipment acquisitions with a useful life of greater than one year are capitalized and stated at cost or, if donated, at the fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from five to seven years.

Management reviews its equipment for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Maintenance and repairs are charged to expense when paid.

#### Expense recognition and allocation

The cost of providing programs and other activities is summarized on a functional basis in the statements of changes in net assets – modified cash basis. The statements of functional expenses – modified cash basis present the natural classification detail of expenses by function. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions, such as depreciation, insurance, supplies, and maintenance have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied.

Annually, or more often when new programs are added, the bases on which costs are allocated are evaluated.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction.

# FRIENDS OF MACARTHUR BEACH STATE PARK, INC.

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

### Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

#### Expense recognition and allocation, continued

Fundraising costs are expensed as paid, even though they may result in contributions received in future years. Friends generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as paid.

#### Concentrations of credit risk

Friends' cash balances on deposit with banks are guaranteed by the Federal Deposit Insurance Corporation (FDIC). Friends is exposed to risk for the amount of funds held in any one account in excess of the insurance limit, which was approximately \$286,000 as of December 31, 2021. In assessing its risk, Friends' policy is to bank only with the highest rated financial institutions. Friends has not experienced any losses in such accounts.

Other securities and limited amounts of cash held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) in the event of broker-dealer failure, up to \$500,000 of protection for each brokerage account, with a limit of \$250,000 for claims of uninvested cash balances. The SIPC insurance does not protect against market losses on investments.

### Note 2 – Availability of Resources and Liquidity

As of December 31, 2021, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, were as follows:

Financial assets:	
Cash and cash equivalents	\$ 541,433
Investments	<u>3,051,433</u>
Total financial assets	3,592,866
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets (Note 6)	(60,155)
Donor-restricted endowment (Note 6)	(540,678)
Less financial assets held to meet board-imposed restrictions:	
Board-designated endowments (Note 6)	<u>(2,450,600)</u>
Financial assets available for general expenditures in the next year	<u>\$ 541,433</u>

Friends' goal is to maintain liquid financial assets sufficient to cover 90 days of general operating expenditures. Financial assets in excess of short-term cash requirements are invested in interest-bearing accounts and money market accounts at financial institutions.

Friends' investments include donor-restricted endowment funds and board-designated endowment funds. The board-designated endowment is subject to the Board's spending policy. Although Friends does not expect to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and spending policy), these amounts could be made available if necessary.

## FRIENDS OF MACARTHUR BEACH STATE PARK, INC.

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

#### Note 3 – Investments

Investments are measured at fair value. Fair value is determined by quoted market prices in active markets for all investments (that is, all Level 1 measurements). Investments at December 31, 2021 and 2020 consist of the following:

	2021	2020
Money market funds	\$ 51,327	\$ 56,570
Mutual funds - equities	1,777,469	1,593,578
Exchange traded funds	152,629	-
Corporate bonds	1,070,008	1,133,855
Total investments, at fair value	\$ 3,051,433	\$ 2,784,003

The following schedule summarizes the net investment return for the years ended December 31, 2021 and 2020:

	2021	2020
Interest and dividend income	\$ 66,939	\$ 62,031
Net realized and unrealized gains	257,882	229,791
Net investment return	\$ 324,821	\$ 291,822

#### Note 4 – Equipment

A summary of equipment as of December 31, 2021 and 2020 is as follows:

	2021	2020
Computer	\$ 16,062	\$ 23,437
Equipment	-	35,334
Subtotal	16,062	58,771
Less: accumulated depreciation	(6,730)	(47,164)
Equipment, net	\$ 9,332	\$ 11,607

#### Note 5 – Net Assets Released from Restrictions

Net assets are released from donor restrictions by incurring costs or expenses satisfying the restricted purposes or by the occurrence of events as specified by the donors. Net assets were released from donor restrictions for the years ended December 31, 2021 and 2020 for the following purposes:

	2021	2020
Building campaign fund	\$ -	\$ 8,683
Conditional grant (PPP See Note 8)	55,085	54,685
Transportation	-	18,417
Equipment purchases	2,081	13,080
Exotic removal	10,000	8,444
Education	53,344	33,886
	\$ 120,510	\$ 137,195

## FRIENDS OF MACARTHUR BEACH STATE PARK, INC.

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

#### Note 6 – Net Assets with Donor Restrictions and Endowment

Net assets with donor restrictions as of December 31, 2021 and 2020 are available for the following purposes:

	2021	2020
Purpose restrictions:		
Cultural Council grant	\$ 3,161	\$ 3,161
Cultural Council Power to Care grant	3,204	3,204
Transportation grant	7,805	7,805
Community Foundation grant	17,556	17,556
Sharkey Family Foundation grant	5,000	-
VoLo Foundation grant	7,775	-
Thank our Healers grant	2,800	-
Nature Foundation grant	1,209	1,209
Exotic removal grant	11,645	13,726
	\$ 60,155	\$ 46,661

As of December 31, 2021 and 2020, Friends has net assets with donor restrictions of \$540,678 of a perpetual nature.

Changes in endowment net assets for the year ended December 31, 2021 follow:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance as of January 1, 2021	\$ 2,243,325	\$ 540,678	\$ 2,784,003
Investment return:			
Interest and dividend income	55,078	11,861	66,939
Net appreciation (realized and unrealized), net	207,302	50,580	257,882
Net investment return	262,380	62,441	324,821
Appropriations for endowment expenditures	5,050	(62,441)	(57,391)
Balance as of December 31, 2021	\$ 2,510,755	\$ 540,678	\$ 3,051,433

#### Interpretation of relevant law

Friends follows the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). FUPMIFA requires the Board of Directors (the Board) to use reasonable care, skill and caution as exercised by a prudent investor in considering the investment management and expenditures of endowment funds. In accordance with FUPMIFA, the Board may expend so much of an endowment fund as the Board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the purchasing power of the endowment fund.

#### Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted and Board designated endowments may fall below the level that the donor or Board requires Friends to retain as a fund of perpetual duration. There were no such funds with deficiencies as of December 31, 2021 and 2020.

## FRIENDS OF MACARTHUR BEACH STATE PARK, INC.

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

#### Note 6 – Net Assets with Donor Restrictions and Endowment, Continued

##### Return objectives and risk parameters

Friends has adopted policies for endowment assets that attempt to provide a predictable stream of funding to education programs supported by its endowment while seeking to maintain purchasing power of the assets. Friends expects that its funds, over time, will provide an average rate of return, after adjusting for inflation, that will allow its assets to grow. Actual returns in any given year may vary from this amount.

##### Strategies employed to achieve objectives

To satisfy its long-term rate-of-return objectives, Friends 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). Friends targets a diversified allocation to achieve its long-term return objectives within prudent risk constraints.

#### Note 7 – Significant Uncertainties – COVID-19 Pandemic

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (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.

Friends’ operations are dependent on private and public donations from individuals, foundations, and corporations, as well as rentals and merchandise sales. During 2020, local and statewide orders for social distancing, “shelter-in-place” requirements, and limitations on the size of public gatherings impacted Friends’ ability to operate, as well as the general public’s access to the Park. These government orders, coupled with other safety restrictions, depressed membership dues and merchandise sales during fiscal years 2020 and 2021.

During 2020, Friends was closed due to state and municipal orders from April through June 2020 and began a limited reopening in July 2020. However, education programs, tours, events, and group activities were cancelled or closed from July 2020 through May 2021. Limited rentals and merchandise sales began in July 2020 and reopened fully in June 2021.

#### Note 8 – Paycheck Protection Program

In response to the coronavirus pandemic, on March 11, 2021, the U.S. federal government enacted The American Rescue Plan Act of 2021, which among other economic stimulus measures, extended the period of availability of the PPP. In February 2021, Friends applied for and received an additional \$55,085 PPP Loan (PPP2).

The PPP2 was in the form of a promissory note and had a scheduled five-year maturity from the date of funding, February 23, 2026, with an interest at a rate of 1.00% per annum, payable monthly, commencing ten months from the PPP2 Loan (issuance date February 23, 2021). The PPP2 Loan was uncollateralized.

After the expiration of the stated covered period for the PPP2 loan, Friends applied for loan forgiveness from the lender and SBA upon satisfying the requirements for loan forgiveness. Forgiveness of PPP2 was awarded by the third-party lender and U.S. Small Business Administration (SBA) in October 2021. The PPP2 loan forgiveness was treated as a conditional contribution released from donor restriction in the same period qualifying expenses were incurred and recorded as grant revenue in the accompanying statement of changes in net assets – modified cash basis for the year ended December 31, 2021.

## **FRIENDS OF MACARTHUR BEACH STATE PARK, INC.**

### **NOTES TO FINANCIAL STATEMENTS, CONTINUED**

#### **Note 8 – Paycheck Protection Program, Continued**

In May 2020, Friends obtained a PPP Loan in the amount of \$54,685. The PPP Loan, which was in the form of a promissory note, had a scheduled twenty-four-month maturity from the date of funding, with an interest rate of 1.00% per annum, payable monthly, commencing six months from the issuance date. The PPP Loan was uncollateralized.

After the expiration of the covered period, Friends applied for loan forgiveness from the lender and SBA upon satisfying the requirements for PPP Loan forgiveness. The forgiven PPP Loan was treated as a conditional contribution released from donor restriction in the same period qualifying expenses were incurred and recorded as grant revenue in the accompanying statement of activities for the year ended December 31, 2020.

#### **Note 9 – Subsequent Events**

Management evaluated events occurring subsequent to December 31, 2021 through July 19, 2022, the date on which the financial statements were available to be issued, for matters that should be recorded in the financial statements or disclosed in the footnotes thereto.



## **Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors of  
Friends of MacArthur Beach State Park, Inc.  
Palm Beach Gardens, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Friends of MacArthur Beach State Park, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities and net assets – modified cash basis as of December 31, 2021, and the related statements of changes in net assets – modified cash basis, cash flows – modified cash basis, and functional expenses – modified cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 19, 2022.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Friends of MacArthur Beach State Park, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Friends of MacArthur Beach State Park, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Friends of MacArthur Beach State Park, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Friends of MacArthur Beach State Park, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Friends of MacArthur Beach State Park, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Templeton & Company, LLP*

West Palm Beach, Florida  
July 19, 2022

**FRIENDS OF MACARTHUR BEACH STATE PARK, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2021**

**Part I – Financial Statement Findings and Questioned Costs in the Current Year**

No findings or questioned costs noted during fiscal year 2021.

**Part II – Financial Statement Findings and Questioned Costs in the Prior Year**

**2020-01 Recording and Classification of Cash Receipts**

Criteria: Cash receipts should be supported by an adequate level of documentation to determine the appropriate classification in the general ledger.

Condition: During our 2020 audit procedures, we identified 18 out of 25 instances where cash receipts did not have supporting documentation to substantiate that the transactions were properly classified in the general ledger. All exceptions pertain specifically to Gift Shop sales.

Cause: The Gift Shop point of sales (POS) system is responsible for all revenue transactions in this location and is directly integrated to the general ledger. This POS system does not provide a report or detailed breakout of any transactions tendered.

Potential Effect: Currently, there is no way to determine that transactions are coded in the correct account or sub-account in the general ledger. If a new item is created within the POS and erroneously set with the incorrect coding, certain accounts may be misstated. This may impact merchandise sales, donations, membership dues, rental fees, etc. as it increases the likelihood any of these revenue transactions may be tendered in the Gift Shop.

Recommendation: We recommend management seek technical assistance in developing internal reports that may be generated daily such that details total receipts received by source and the related coding in the general ledger account.

Views of Responsible Officials: Management will work with QuickBooks to develop a more detailed report for the daily POS transactions. This report will include a clear break out into Merchandise Sales; Kayak Rentals; Donations, etc. Once established, a sample report will be provided to the auditor for review.

Status: During the 2021 audit, we noted that this matter was addressed by management.