

FRIENDS OF ROOKERY BAY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022

FRIENDS OF ROOKERY BAY, INC.
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JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

October 17, 2022

To the Board of Directors
FRIENDS OF ROOKERY BAY, INC.
Naples, Florida

Opinion

We have audited the accompanying financial statements of FRIENDS OF ROOKERY BAY, INC. (a Florida nonprofit organization) which comprise the balance sheet as of June 30, 2022, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year 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 ROOKERY BAY, INC. as of June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 FRIENDS OF ROOKERY BAY, INC. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 FRIENDS OF ROOKERY BAY, 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 the Organization'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 the Organization'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.

Board of Directors
FRIENDS OF ROOKERY BAY, INC.
October 17, 2022

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2022, on our consideration of the FRIENDS OF ROOKERY BAY 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 FRIENDS OF ROOKERY BAY INC.'s 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 ROOKERY BAY INC.'s internal control over financial reporting and compliance.


PHILLIPS HARVEY GROUP, P.A.
Certified Public Accountants
Naples, Florida

FINANCIAL STATEMENTS

FRIENDS OF ROOKERY BAY, INC.

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022**

ASSETS

Cash and cash equivalents, unrestricted	\$ 406,619
Accounts receivable	6,806
Inventories	35,680
Cash and cash equivalents, donor restricted	158,770
Equipment, net	5,856
Beneficial interest in assets held by others	<u>211,913</u>
 Total Assets	 <u>\$ 825,644</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	57,444
Other liabilities	650
Deferred lifetime memberships	33,000
Total Liabilities	<u>91,094</u>

Commitments and Contingencies	<u>-</u>
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NET ASSETS

Without donor restrictions:	
Undesignated	338,584
Board designated endowment fund	46,795
Board designated emergency fund	25,283
Total without donor restrictions	<u>410,662</u>
 With donor restrictions	 <u>323,888</u>
 Total Net Assets	 <u>734,550</u>
	 <u>\$ 825,644</u>

The accompanying notes are an integral part of these financial statements.

FRIENDS OF ROOKERY BAY, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUES			
Contributions	\$ 106,526	\$ 87,691	\$ 194,217
Program service fees	298,379	-	298,379
Other retail income	64,227	-	64,227
Special events revenue	228,160	-	228,160
Rental income	680	-	680
Investment (loss), net	(8,894)	(28,815)	(37,709)
Other Interest income	-	161	161
Other income	2,886	-	2,886
	<u>691,964</u>	<u>59,037</u>	<u>751,001</u>
Net assets Released From Restrictions	<u>118,194</u>	<u>(118,194)</u>	<u>-</u>
Total Support and Revenues	<u>810,158</u>	<u>(59,157)</u>	<u>751,001</u>
EXPENSES			
Program services:			
Educational	247,795	-	247,795
Supporting services:			
Management and general	271,226	-	271,226
Fundraising	160,019	-	160,019
	<u>679,040</u>	<u>-</u>	<u>679,040</u>
Change in Net Assets	<u>131,118</u>	<u>(59,157)</u>	<u>71,961</u>
Net Assets, June 30, 2021	<u>279,544</u>	<u>383,045</u>	<u>662,589</u>
Net Assets, June 30, 2022	<u>\$ 410,662</u>	<u>\$ 323,888</u>	<u>\$ 734,550</u>

The accompanying notes are an integral part of these financial statements.

FRIENDS OF ROOKERY BAY, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL
	EDUCATIONAL	MANAGEMENT AND GENERAL	FUNDRAISING	
Administrative Fee	\$ 14,524	\$ -	\$ -	\$ 14,524
Awards and Grants	-	7,679	-	7,679
Continuing Education	-	147	-	147
Cost of Sales	-	-	37,332	37,332
Depreciation and Amortization	-	5,662	-	5,662
Insurance	-	7,659	-	7,659
Marketing and Advertising	-	31,604	-	31,604
Merchant Fees	473	8,989	5,411	14,873
Books, Subscriptions, Reference Materials	870	13,496	-	14,366
Postage, Mailing, Shipping	40	1,480	426	1,946
Printing and Copying	1,253	4,048	5,841	11,142
Salary and Benefits	93,214	51,831	32,033	177,078
Professional Fees and Contract Services	108,093	109,030	1,752	218,875
Program Expenses	11,945	1,929	-	13,874
Special Event Expenses	8,725	-	72,637	81,362
Supplies	1,216	6,504	1,510	9,230
Taxes and Licenses	27	44	-	71
Travel, Conferences, Meetings	3,782	6,867	189	10,838
Website Hosting	-	3,674	-	3,674
Other Expenses	3,633	10,583	2,888	17,104
Total Expenses	\$ 247,795	\$ 271,226	\$ 160,019	\$ 679,040

The accompanying notes are an integral part of these financial statements.

FRIENDS OF ROOKERY BAY, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

Cash Provided by Operating Activities:	
Change in net assets	\$ 71,961
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	5,662
Investment loss, net	37,709
(Increase) decrease in operating assets:	
Receivables	2,517
Inventories	(11,673)
Prepaid expenses	5,337
Increase (decrease) in operating liabilities:	
Accounts payable	48,001
Accrued payroll	(2,191)
Other liabilities	208
Deferred lifetime memberships	6,000
Net cash provided by operating activities	<u>163,531</u>
Cash Used in Investing Activities:	
Purchases of beneficial interest in assets	(8,798)
Proceeds from the sale of beneficial interest in assets	8,798
Purchases of equipment	(1,788)
Net cash (used in) investing activities	<u>(1,788)</u>
Net change in cash and cash equivalents	161,743
Cash and Cash Equivalents, Unrestricted and Donor Restricted:	
Beginning, June 30, 2021	<u>403,646</u>
Ending, June 30, 2022	<u>\$ 565,389</u>
Cash and Cash Equivalents, June 30, 2022 comprised as follows:	
Unrestricted	406,619
Donor restricted	158,770
Total Cash and Cash Equivalents, June 30, 2022	<u>\$ 565,389</u>

The accompanying notes are an integral part of these financial statements.

FRIENDS OF ROOKERY BAY, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

FRIENDS OF ROOKERY BAY, INC. (the "Organization" or "FORB") is a nonprofit citizen support organization established to operate for the advancement of Rookery Bay National Estuarine Research Reserve (the Reserve) and to promote the purposes of the Reserve as well as to provide citizen support for resource protection, education, and research by the Reserve. The Organization was incorporated on December 8, 1987, under the laws of Florida as a not-for-profit Organization. The Organization's mission is to connect people to Southwest Florida's dynamic coastal environment in support of Rookery Bay National Estuarine Research Reserve. The primary source of revenue is individual and corporate donors, grants and program revenues in Collier County, Florida. The Organization also utilizes various subcontractor labor for significant support of its overall operations.

Method of Accounting

The accounts of the Organization are maintained, and the accompanying financial statements have been prepared on the accrual basis of accounting. Accordingly, assets are recorded when the Organization obtains the rights of ownership or is entitled to claims for receipt and liabilities are recorded when the obligation is incurred.

Financial Statement Presentation

The Organization presents information regarding its financial position and activities according to two classifications of net assets described as follows:

Without Donor Restrictions

Represents the portion of expendable funds available for support of Organization operations and includes all investment income and appreciation not subject to donor restrictions. Designated amounts represent those resources which the Organization has set aside for a particular purpose. This designation may be removed at the Board's discretion.

With Donor Restrictions

Resources accumulated through donations or events held for specific operating or capital purposes. Such resources will become unrestricted when the requirements of the donor have been satisfied through expenditure for the specified purpose or program or through the passage of time. The Organization has net assets with donor restrictions at June 30, 2021, see Note 4.

Cash and Cash Equivalents

The Organization considers all bank and similar deposits and money market accounts with an original maturity of three months or less to be cash equivalents. For purposes of reporting cash flows, the Organization considers all funds except those invested to be cash equivalents. The Organization's cash and cash equivalents are held at one federally insured financial institution located in Collier County, Florida. The Organization had aggregated bank account balances with this financial institution in excess of federally insured limits at June 30, 2022 totaling approximately \$323,000. The Organization has not experienced any losses on such accounts. The Board of Directors believes it is not exposed to any significant risk on cash and cash equivalents.

FRIENDS OF ROOKERY BAY, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are initially recorded at cost, if purchased or, if donated, at fair market value on the date received in accordance with generally accepted accounting principles ("GAAP"). The Organization carries investments at the fair value determined by the quoted market prices on the last day of the year. Investment income may be either with donor restrictions or without donor restrictions when earned, determined according to the restrictions imposed by the donor. Unrealized gains and losses are included in the change in net assets.

Inventories

Inventories are comprised of program related merchandise held for sale in the Organization's on-site gift shop, and is stated at the lower of cost or net realizable value.

Beneficial Interests in Assets Held by Others

Beneficial interests in assets held by others are recorded at fair value. Interest income, realized and unrealized gains (losses) based on market value change earned on such interests are recorded in the accompanying statement of activities.

Equipment

Equipment is recorded at cost when purchased or at fair market value at the time of contribution. Such donations are reported as without donor restrictions support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies donor restricted net assets to without donor restrictions at that time. Costs of major renewals and improvements that extend useful lives are capitalized. Expenditures for routine maintenance and repairs are charged to expense as incurred. Depreciation is primarily computed on a straight-line basis over the estimated useful life of equipment ranging from three to five years. The Organization's policy is to capitalize expenditures for personal property and/or betterments equal to or greater than \$1,000.

Deferred Lifetime Memberships

FORB offers lifetime memberships allowing members to pay one sum for membership benefits covering the remainder of his or her lifetime. Under revenue recognition standard, *ASU 2014-09, Revenue from Contracts with Customers (Topic 606)*, the revenue from these lifetime memberships is being recognized as the performance obligations are met by providing membership benefits over the estimated life expectancy of these members. As of June 30, 2022, \$33,000 was recorded as deferred lifetime memberships on the statement of financial position to be recognized as revenues in future years.

Contributions

All contributions are considered to be available without donor restrictions use unless specifically restricted by the donor. Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Conditional contributions, if any, are not recognized until any barriers to entitlement are met. The Organization reports donations of cash contributions received, which were not given for a specific purpose, as without donor restrictions.

FRIENDS OF ROOKERY BAY, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from satisfaction of purpose restriction. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as without donor restrictions. Non-cash donations are recorded as contributions at their estimated fair market value.

In-Kind Contributions

In-kind contributions, if any, represent the fair market values for goods and services provided for the Organization. Contributions of services are recognized only if services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing these skills, and would typically be purchased if not provided by donations. These contributions are included in the statement of activities under the caption labeled "in-kind contributions." For the year ended June 30, 2022, the Organization did not have in-kind contributions of significance, except for the fact that the Organization utilizes office space of the Reserve. No amount has been reflected in the accompanying financial statements for this in-kind contribution as it is not feasible to estimate such value.

Revenue and Revenue Recognition

Revenue is recognized when the performance obligation is met. Program service fees and special events income are recognized as the program services are provided or when the special events take place. As discussed above, any lifetime memberships are recognized as the performance obligations are met by providing membership benefits over the estimated life expectancy of these members. Retail sales are recognized at the point of sale. Payments under cost reimbursable contracts received in advance, if any, are deferred to the applicable period in which the related services are performed or when expenditures are incurred.

Tax Exempt Status

The Organization is exempt from federal and state income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code, and similar state Code. As such, only unrelated business income, as defined by Section 512(a)(1) of the Code is subject to federal income tax. Management is not aware of any activities that could jeopardize the Organization's tax-exempt status. The Organization has evaluated its tax positions and concluded that the Organization has taken no uncertain tax positions that require adjustments to the financial statements. The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years 2019, 2020, and 2021 are subject to examination by the IRS, generally for three years after they were filed.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on the statement of functional expenses. The statement presents total expenses by function. Direct costs are charged directly to the programs or supporting services benefited. Costs related to both program and supporting services were allocated based on methods such as time and efforts as deemed reasonable for the mission of the Organization.

FRIENDS OF ROOKERY BAY, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Evaluation of Subsequent Events

In preparing the audited financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 17, 2022, the date that the audited financial statements were available to be issued. The following event requiring disclosure was identified:

On September 28, 2022, a major hurricane made landfall in Southwest Florida. The Organization had to close its operations for two weeks due to the storm, which resulted in the loss of certain revenues during this time. Management is currently assessing any physical damages caused by the storm; but does not believe FORB will suffer significant damages, as the property and buildings occupied by FORB are owned by the Reserve.

Fair Value Measurement

FASB ASC 820-10 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. FASB ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Organization adheres to FASB ASC 820-10 and discloses fair value measurements for applicable assets and liabilities on a recurring basis, as required. This additional disclosure requires the presentation of the fair value of the assets or liabilities to be classified into three levels. The fair value hierarchy consists of three levels based on the inputs used to measure the fair value. These levels are defined as follows:

Level 1: Inputs that utilize quoted prices in active markets for identical assets or liabilities that the Organization has the ability to process.

Level 2: Inputs that include quoted prices for similar (but not exact) 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. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

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

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level of input that is significant to the fair value measurement in its entirety. In accordance with generally accepted accounting principles, investments for which fair value are measured at net asset value per share (or its equivalent) using the practical expedient should not be categorized in the fair value hierarchy. The Organization followed these accounting principles since the Pooled Funds of the Collier Community Foundation included investments measured at net asset value.

FRIENDS OF ROOKERY BAY, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

On September 10, 2013, the Organization established a board designated Endowment Fund, known as the "Friends of Rookery Bay Fund" ("FORB Fund"), in the initial amount of \$5,000 with the Collier Community Foundation ("CCF") and CCF provided a matching investment of \$5,000 during 2013 to aggregate the FORB Fund to \$10,000. The FORB Fund was designated to be solely used for the support of Rookery Bay Research Reserve.

Additionally, in 2019 the Organization established another Fund known as the "Norris Gaynor Scholarship Fund" ("Scholarship Fund"), in the initial amount of \$150,000, as provided by the donor. The Scholarship Fund, as restricted by the donor, is to be used for the Organization's overall mission of FORB and/or education and research internships. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Both Funds invested amounts earn interest/dividends and may have realized as well as unrealized gains or (losses) based on market prices during the year. Earnings on donor restricted funds (Scholarship Fund) will be spent in accordance with the donor's wishes, and subject to a maximum 4% of the four-quarter average balance of the funds. Earnings on funds that are not donor restricted (FORB Fund) may be spent with Board approval, for natural disaster emergencies, or any other use that is within the mission and scope of duties of the Friends of Rookery Bay. The Scholarship Fund requires a minimum balance of \$10,000 to be maintained. The Organization has an investment policy mirroring the CCF's investment return objectives. The FORB Fund and the Scholarship Fund endowment balances at June 30, 2022 were \$46,795 and \$165,118, respectively. These Funds are reported at fair value, as provided by the CCF, and consist primarily of various funds as denoted below. Currently, the investment policy is to invest with the Collier Community Foundation.

The changes in the beneficial interest in assets held by others for these funds as of and for the year ended June 30, 2022 are as follows:

	WITHOUT DONOR RESTRICTIONS "FORB"	WITH DONOR RESTRICTIONS "SCHOLARSHIP"	TOTAL
Beginning balance, June 30, 2021	\$ 55,689	\$ 193,933	\$ 249,622
Contributions	8,799	-	8,799
Distributions	(8,799)	-	(8,799)
Realized gain	1,043	3,245	4,288
Unrealized (loss)	(10,724)	(34,710)	(45,434)
Interest and dividends	1,387	4,735	6,122
Management and administrative fees	(600)	(2,085)	(2,685)
Ending balance, June 30, 2022	<u>\$ 46,795</u>	<u>\$ 165,118</u>	<u>\$ 211,913</u>

FRIENDS OF ROOKERY BAY, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (CONTINUED)

The following fair value disclosure is for those assets measured at fair value on a recurring basis at June 30, 2022:

Fair Value Measurements at Reporting Date Using:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Diversified mutual funds	\$ 66,871	\$ 57,938	\$ 8,933	\$ -
Fixed income funds	12,508	10,837	1,671	-
Private equity/hedge funds	9,464	8,200	1,264	-
Cash funds	<u>8,722</u>	<u>7,557</u>	<u>1,165</u>	<u>-</u>
Total Funds Invested	\$ 97,565	\$ 84,532	\$ 13,033	\$ -
Total Net Asset Value	<u>114,348</u>			
	<u>\$ 211,913</u>			

NOTE 3 - EQUIPMENT, NET

Equipment, net, at June 30, 2022 consisted of the following:

Equipment	\$ 22,537
Less: accumulated depreciation	<u>(16,681)</u>
Equipment, net	<u>\$ 5,856</u>

Depreciation expense for the year ended June 30, 2022 totaled \$5,662.

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2022 consisted of the following:

Norris Gaynor Scholarship Fund (see Note 2)	\$ 165,118
Amounts included in cash and cash equivalents:	
Lennar Management Fund	104,994
Public Interest Fund	3,568
Sea Turtle Nesting	28,129
Shark Research	17,286
Marco Island Shell Club	86
Education	625
Research	3,770
Stewardship	356
Stewardship – Fire Management	95
Adopt an Animal	1,890
Gaynor Coastal Training Program	840
FIUUoM Mangrove	(3,797)
MMA Vessel	<u>928</u>
Total included in cash and cash equivalents (see Note 5)	<u>158,770</u>
Total net assets with donor restrictions	<u>\$ 323,888</u>

FRIENDS OF ROOKERY BAY, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

During 2022, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows:

Distribution of funds for:

Lennar Management Fund	\$	80,501
Public Interest Fund		1,100
Sea Turtle Nesting		14,363
Shark Research		2,103
Marco Island Shell Club		1,552
Education – FGCU TOTE/SIMS		3,065
Education		400
Adopt an Animal		90
Norris Gaynor Additional Scholarship		7,350
Gaynor Coastal Training Program		2,160
Research		939
FIUUofM Mangrove		3,797
Stewardship		19
Stewardship – Fire Management		755
Total satisfaction of purpose restrictions	\$	<u>118,194</u>

NOTE 5 - LIQUIDITY AND AVAILABILITY

The FORB receives funds with donor restrictions which require that those resources be used in a certain manner or in a future period. Therefore, the Organization must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditure within one year. Amounts that are not available also include Board designated funds which could be utilized if the Board of Directors approved the use.

Assets available to meet cash needs for general expenditures within one year, without contractual or donor restriction as of June 30, 2022, consist of the following:

Cash and cash equivalents, unrestricted	\$	406,617
Cash and cash equivalents, donor restricted		158,770
Accounts receivable		6,806
Beneficial interest in assets held by others (See Note 2)		211,913
Less those unavailable for general expenditures within one-year due to:		
Board designated funds		(72,078)
Norris Gaynor Scholarship Fund (See Notes 2 and 4)		(165,118)
Donor restricted funds (See Note 4)		<u>(158,770)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>388,140</u>

Board designated funds are not available for general use, as noted in Note 1. However, such funds could be used as a liquid reserve in the event of an unanticipated liquidity need.

OTHER REPORT



**INDEPENDENT AUDITOR'S 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**

Nathan A. Phillips, CPA
Stephanie J. Feldman, CPA
Deborah L. Harvey, CPA (Decd)

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Keith S. Boyle, CPA

October 17, 2022

To the Board of Directors
FRIENDS OF ROOKERY BAY, INC.
Naples, Florida

We have audited, in accordance with the 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 ROOKERY BAY, INC. ("the Organization" or "FORB", a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 17, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered FORB's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of FORB's internal control. Accordingly, we do not express an opinion on the effectiveness of FORB's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, 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 reasonable possibility that a material misstatement of FORB'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

To the Board of Directors
FRIENDS OF ROOKERY BAY, INC.
October 17, 2022

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether FORB's financial statements are free of 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 the FORB's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the FORB's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


PHILLIPS HARVEY GROUP, P.A.
Certified Public Accountants
Naples, Florida



Nathan A. Phillips, CPA
Stephanie J. Feldman, CPA
Deborah L. Harvey, CPA (Decd)

David N. Phillips, CPA, MBA
Michelle V. Schalmo, CPA
Shannon Huber, CPA
Courtney L. Cound, CPA
Keith S. Boyle, CPA

October 17, 2022

To the Board of Directors
THE FRIENDS OF ROOKERY BAY INC.
Naples, Florida

We have audited the financial statements of THE FRIENDS OF ROOKERY BAY INC. ("FORB" or "the Organization") for the year ended June 30, 2022, and have issued our report thereon dated October 17, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 8, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by THE FRIENDS OF ROOKERY BAY INC. are described in Note 1 to the audited financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2022. We noted no transactions entered into by the FORB during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of uncollectible accounts, if any, is based on historical collection rates and an analysis of individual accounts. Management utilizes the straight-line method to depreciate its equipment assets and estimated useful lives are based on historical trends.

Certified Public Accountants

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Qualitative Aspects of Accounting Practices (Continued)

The FORB relies on quoted market prices from active trading markets to estimate the fair market value of its investments, held with the Collier Community Foundation. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. However, we did incur additional time related to reconciling and making certain changes to the client-provided schedule of donor restricted activity for the year.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 17, 2022.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations.

Management Consultation with Other Independent Accountants (Continued)

If a consultation involves application of an accounting principle to the FORB's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the FORB's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Key Audit Matters

The FORB presents information regarding its financial position and activities according to two classifications of net assets: without donor restrictions and with donor restrictions. This presentation requires that the FORB segregate the portion of expendable funds available for support of Organization's operations, including any Board designated funds, from those resources accumulated through donations or events held for specific purposes, which must remain restricted until used for the intended purposes by expenditure for the specified purpose or the passage of time. Due to the potential complexity and risk assessment associated with properly segregating and reporting these classifications of net assets, the area was identified as a key audit matter, as discussed with the Organization's governing bodies. Our principal audit procedures include vouching a sample of revenues and expenditures to ensure recording in the proper net asset categories and confirming cash balances.

This information is intended solely for the use of the Board of Directors and management of THE FRIENDS OF ROOKERY BAY INC. and is not intended to be and should not be used by anyone other than these specified parties.

Very Truly Yours,

PHILLIPS HARVEY GROUP, P.A.


Nathan A. Phillips
Certified Public Accountant



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October 17, 2022

PHILLIPS HARVEY GROUP, P.A.
801 Laurel Oak Drive, Suite 303
Naples, Florida 34108

This representation letter is provided in connection with your audit of the financial statements of THE FRIENDS OF ROOKERY BAY, INC. ("FORB"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 17, 2022, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 8, 2020, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, if any, have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.



8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
9. Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, if any, under which the FORB is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

11. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the FORB from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud that affects the FORB and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the FORB's financial statements communicated by employees, former employees, grantors, regulators, or others.
16. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
17. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.



FRIENDS

OF ROOKERY BAY

18. We have disclosed to you the identity of the FORB's related parties and all the related party relationships and transactions, including any side agreements.
19. The FORB has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
20. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives. In addition, we represent we are in compliance with applicable provisions in the Citizen Support Organization Handbook as of June 30, 2022.
21. FORB is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the FORB's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
22. We acknowledge the FORB's Federal income tax returns for fiscal 2021, 2020, and 2019 are subject to examination by IRS, generally for three years after they were filed. The FORB recognizes tax benefits only to the extent that the FORB believes it is "more likely than not" that its tax positions will be sustained upon IRS examination.
23. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
24. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that near term means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the FORB vulnerable to the risk of a near-term severe impact that have not been properly disclosed in the financial statements. We understand that concentrations include individual or group concentrations of contributors, grantors, clients, customers, suppliers, lenders, products, services, fund-raising events, sources of labor or materials, licenses or other rights, or operating areas or markets. We further understand that severe impact means a significantly financially disruptive effect on the normal functioning of the FORB.
25. We have identified and disclosed to you all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
26. We have identified and disclosed to you all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.



27. We have identified and disclosed to you all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives
28. Inventories at June 30, 2022 in the aggregate amount of \$35,680, respectively, are stated at the lower of cost or net realizable value, and consistently applied with the prior year, and due provision was made to reduce all slow-moving, obsolete, or unusable inventories to their estimated useful or scrap values. Inventory quantities at June 30, 2022 were determined from the FORB's inventory records, which have been adjusted on the basis of physical inventories taken by competent employees at June 30, 2022. Liability, if unpaid, for all items included in inventories is recorded at June 30, 2022.
29. We represent the expenses allocation methods used to prepare the 2022 functional expenses statement properly present FORB's 2022 program and supporting services and related use.
30. We have reviewed the fixed asset detail report and believe that all assets listed are appropriate and active assets at June 30, 2022 and that assigned useful lives are reasonable.
31. We understand that you prepared the trial balance for use during the audit and that your preparation of the trial balance was limited to formatting the information in FORB's general ledger into a working trial balance.
32. We acknowledge that amounts reported as of June 30, 2022 as "Board Designated" in the audited financial statements are amounts designated by the Board of Directors for specific intended purposes which could only be changed with approval of the Board.
33. We represent that for the year ended June 30, 2022, FORB did not receive any "in-kind" or noncash donations of significance.
34. We have complied with the approved and intended use of all donor restricted funds. Also, net assets with donor restrictions at June 30, 2022 are properly classified as denoted in the notes to the financial statements.
35. As part of your audit, you prepared the audited financial statements and related notes from the trial balance and the FORB's books and records. We have reviewed, approved and accepted responsibility for those audited financial statements and related notes and believe they are adequately supported by FORB books and records.
36. We have reviewed adjusting journal entries you have proposed and understand the nature of the changes and their impact on the audited financial statements. We are in agreement with the adjusting journal entries you have recommended, and they have been posted to the FORB's accounts.



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Phillips Harvey Group, P.A.
October 17, 2022
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**FRIENDS
OF ROOKERY BAY**

37. Upon implementation of ASU 2014-09, revenue from contracts with customers has been appropriately accounted for and disclosed in accordance with FASB ASC 606, Revenue from Contracts with Customers. We have considered side agreements, implied promises, and unstated customary business practices in identifying performance obligations in identified contracts with customers. We have sufficient and appropriate documentation supporting all estimates and judgments underlying the amount and timing of revenue recognized in the financial statements.
38. In regards to the financial statements preparation and annual tax return preparation services performed by you, we have
- a. Assumed all management responsibilities.
 - b. Designated Jim Shea, Treasurer, Athan Barkoukis, Executive Director, and Cathy Bolinger, Accountant, who have suitable skill, knowledge, or experience to oversee the services.
 - c. Evaluated the adequacy and results of the services performed.
 - d. Accepted responsibility for the results of the services.

Sincerely,

THE FRIENDS OF ROOKERY BAY, INC.



Jim Shea, Treasurer



Athan Barkoukis, Executive Director



Cathy Bolinger, Accountant