

**FRIENDS OF ROOKERY BAY, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**FRIENDS OF ROOKERY BAY, INC.**  
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**JUNE 30, 2024**

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## **INDEPENDENT AUDITOR'S REPORT**

Nathan A. Phillips, CPA  
Stephanie J. Feldman, CPA

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

September 30, 2024

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) ("the Organization") which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of FRIENDS OF ROOKERY BAY, INC. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit 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 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 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 and *Governmental 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 *Governmental 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.  
September 30, 2024

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2024, 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 FELDMAN GROUP, P.A.  
Certified Public Accountants  
Naples, Florida

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## **FINANCIAL STATEMENTS**

**FRIENDS OF ROOKERY BAY, INC.**

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2024**

**ASSETS**

Cash and cash equivalents, unrestricted	\$ 373,122
Accounts receivable	5,477
Inventories	45,652
Prepaid and other assets	2,925
Cash and cash equivalents, donor restricted	160,295
Amount held in escrow	35,000
Equipment, net	11,843
Beneficial interest in assets held by others	490,725
	<hr/>
Total Assets	<u>\$ 1,125,039</u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable and other accruals	6,208
Other liabilities	10,439
Contingent escrow funds	35,000
Deferred lifetime memberships	25,000
Total Liabilities	<u>76,647</u>
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Commitments and Contingencies	-
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**NET ASSETS**

Without donor restrictions:	
Undesignated	376,196
Board designated endowment fund	118,142
Board designated emergency fund	25,308
Total without donor restrictions	<u>519,646</u>
	<hr/>
With donor restrictions	<u>528,746</u>
	<hr/>
Total Net Assets	<u>1,048,392</u>
	<hr/>
	<u>\$ 1,125,039</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, 2024**

	<b>WITHOUT DONOR RESTRICTIONS</b>	<b>WITH DONOR RESTRICTIONS</b>	<b>TOTAL</b>
<b>SUPPORT AND REVENUES</b>			
Contributions	\$ 148,189	\$ 222,809	\$ 370,998
Program service fees	310,785	-	310,785
Retail income	64,855	-	64,855
Bash for the Bay revenue	166,282	-	166,282
Rental income	13,554	-	13,554
Investment income, net	10,425	31,284	41,709
Other income	1,515	-	1,515
	<u>715,605</u>	<u>254,093</u>	<u>969,698</u>
<b>Net assets Released From Restrictions</b>	<u>49,734</u>	<u>(49,734)</u>	<u>-</u>
<b>Total Support and Revenues</b>	<u>765,339</u>	<u>204,359</u>	<u>969,698</u>
<b>EXPENSES</b>			
Program services:			
Educational	402,272	-	402,272
Supporting services:			
Management and general	180,344	-	180,344
Fundraising	239,122	-	239,122
	<u>821,738</u>	<u>-</u>	<u>821,738</u>
<b>Change in Net Assets</b>	<u>(56,399)</u>	<u>204,359</u>	<u>147,960</u>
<b>Net Assets, June 30, 2023</b>	<u>576,045</u>	<u>324,387</u>	<u>900,432</u>
<b>Net Assets, June 30, 2024</b>	<u>\$ 519,646</u>	<u>\$ 528,746</u>	<u>\$ 1,048,392</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, 2024**

	PROGRAM SERVICES		SUPPORTING SERVICES		TOTAL
	EDUCATIONAL	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL	
Awards and Grants	\$ 8,965	-	-	\$ 8,965	
Cost of Sales	-	-	30,541	30,541	
Depreciation	-	2,333	557	2,890	
Insurance	-	8,538	-	8,538	
Marketing and Advertising	4,017	-	32,693	36,710	
Merchant Fees	2,142	72	19,717	21,931	
Books, Subscriptions, Reference Materials	202	11,362	3,123	14,687	
Postage, Mailing, Shipping	-	112	346	458	
Printing and Copying	102	29	4,950	5,081	
Salary and Benefits	151,302	77,230	46,309	274,841	
Professional Fees and Contract Services	139,426	53,312	18,049	210,787	
Program Expenses	92,500	22	768	93,290	
Bash for the Bay and Other Event Expenses	793	-	72,359	73,152	
Supplies	378	2,146	463	2,987	
Travel, Conferences, Meetings	129	1,335	447	1,911	
Website Hosting	-	1,594	-	1,594	
Other Expenses	2,316	22,259	8,800	33,375	
<b>Total Expenses</b>	<b>\$ 402,272</b>	<b>\$ 180,344</b>	<b>\$ 239,122</b>	<b>\$ 821,738</b>	

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, 2024**

<b>Cash Provided by Operating Activities:</b>	
Change in net assets	\$ 147,960
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,890
Investment gain, net	(41,709)
(Increase) decrease in operating assets:	
Receivables	12,063
Inventories	1,885
Prepaid and other assets	(2,925)
Increase (decrease) in operating liabilities:	
Accounts payable and other accruals	(19,333)
Other liabilities	7,085
Deferred lifetime memberships	(4,000)
<b>Net cash provided by operating activities</b>	<u>103,916</u>
<b>Cash Used in Investing Activities:</b>	
Purchases of beneficial interest in assets	(160,840)
Purchases of equipment	(8,047)
<b>Net cash (used in) investing activities</b>	<u>(168,887)</u>
<b>Net change in cash and cash equivalents</b>	(64,971)
<b>Cash and Cash Equivalents, Unrestricted and Donor Restricted:</b>	
Beginning, June 30, 2023	<u>598,388</u>
Ending, June 30, 2024	<u>\$ 533,417</u>
<b>Cash and Cash Equivalents, June 30, 2024 comprised as follows:</b>	
Unrestricted	\$ 373,122
Donor restricted	160,295
<b>Total Cash and Cash Equivalents, June 30, 2024</b>	<u>\$ 533,417</u>
<b>Supplemental Disclosures of Cash Flows Information:</b>	
Amounts held in escrow for contingent funds	<u>\$ 35,000</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, 2024, see Note 5.

##### **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, 2024 totaling approximately \$249,000. 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.

##### **Amounts Held In Escrow**

During 2024, the Organization received a conditional contribution totaling \$35,000 which stipulated that the amount be maintained in a separate escrow account until the potential barriers to the entitlement for these funds are met.

##### **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 lives 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.

##### **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.

##### **Deferred Lifetime Memberships**

FORB offers lifetime memberships allowing members to pay one sum for membership benefits covering the remainder of their 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, 2024, \$25,000 was recorded as remaining deferred lifetime memberships on the statement of financial position to be recognized as revenues in future years.

## **FRIENDS OF ROOKERY BAY, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

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

##### **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 are deferred and not recognized on the statement of activities until any barriers to entitlement are met.

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.

The Organization reports donations of cash contributions received, which were not given for a specific purpose, as without donor restrictions in the statement of activities.

##### **Contributed Nonfinancial Assets**

Contributed nonfinancial assets, 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 "contributed nonfinancial assets." For the year ended June 30, 2024, the Organization did not receive contributions of nonfinancial assets 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 contributed nonfinancial asset 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 2020, 2021, and 2022 are subject to examination by the IRS, generally for three years after they were filed.

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**FRIENDS OF ROOKERY BAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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

**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.

**Evaluation of Subsequent Events**

In preparing the audited financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 30, 2024, the date that the audited financial statements were available to be issued. No events requiring disclosure were identified.

**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 - EQUIPMENT, NET

Equipment, net, at June 30, 2024 consisted of the following:

Equipment	\$ 34,685
Less: accumulated depreciation	<u>(22,842)</u>
Equipment, net	<u>\$ 11,843</u>

Depreciation expense for the year ended June 30, 2024 totaled \$2,890.

#### NOTE 3 - 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.

In 2019 the Organization established another Fund known as the "Norris Gaynor Scholarship Fund" ("Norris Gaynor Fund"), in the initial amount of \$150,000, as provided by a donor. The Norris Gaynor Fund, as restricted by the donor, is to be used for the Organization's overall mission of FORB and/or education and research internships. Additionally, during 2024, Organization established another Fund known as the "Sue Miller Memorial Scholarship Fund" ("Sue Miller Fund"), in the initial amount of \$160,000, as provided by a donor. The Sue Miller Fund, as restricted by the donor, is also 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 these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Invested amounts for each of these funds 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 (Norris Gaynor Fund and the Sue Miller 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 Norris Gaynor 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 balances held with CCF as of June 30, 2024 totaled \$ 117,892 and the Norris Gaynor Fund and the Sue Miller Fund endowment balances at June 30, 2024, before amounts owed to operations as of June 30,2024, were \$199,152 and \$173,681, respectively. These Funds are reported at fair value, as provided by the CCF, and consist primarily of various funds as denoted below. Currently, the Organization's investment policy is to invest with the Collier Community Foundation.

**FRIENDS OF ROOKERY BAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (Continued)**

The changes in the beneficial interest in assets held by others for these funds as of and for the year ended June 30, 2024 are as follows:

	WITHOUT DONOR RESTRICTIONS "FORB"	WITH DONOR RESTRICTIONS "NORRIS GAYNOR"	WITH DONOR RESTRICTIONS "SUE MILLER FUND"	TOTAL
Beginning balance, June 30, 2023	\$ 107,467	\$ 180,709	\$ -	\$ 288,176
Contributions	-	840	160,000	160,840
Distributions	-	-	-	-
Realized gains	638	1,083	67	1,788
Unrealized gains	9,622	16,254	13,151	39,027
Interest and dividends	1,356	2,292	1,825	5,473
Management and administrative fees	<u>(1,191)</u>	<u>(2,026)</u>	<u>(1,362)</u>	<u>(4,579)</u>
Ending balance, June 30, 2024	<u>\$ 117,892</u>	<u>\$ 199,152</u>	<u>\$ 173,681</u>	<u>\$ 490,725</u>
Amounts owed to operations, June 30, 2024	<u>\$ -</u>	<u>\$ 3,051</u>	<u>\$ 1,331</u>	<u>\$ 4,382</u>

The following fair value disclosure is for those assets measured at fair value on a recurring basis at June 30, 2024:

**Fair Value Measurements at Reporting Date Using:**

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Diversified mutual funds	\$ 167,668	\$ 151,602	\$ 16,066
Fixed income funds	31,726	28,686	3,040
Private equity/hedge funds	15,133	13,683	1,450
Cash funds	<u>41,533</u>	<u>37,553</u>	<u>3,980</u>
Total Funds Invested	\$ 256,060	<u>\$ 231,524</u>	<u>\$ 24,536</u>
Total Net Asset Value	<u>234,665</u>		
	<u>\$ 490,725</u>		

There are no fair value measurements as of June 30, 2024 using Level 3 inputs.

**NOTE 4 – CONDITIONAL CONTRIBUTION**

During 2024, FORB received a conditional contribution totaling \$35,000 from a donor to potentially pursue a partnership with FORB to provide education to local schools in Southwest Florida about the need for coastal conservation. The agreement requires the Organization to perform a "needs assessment" with the local schools to determine various options for the use of the funds for the donor to consider. The donor has first rights to choose the use for these funds and the donor may request the return of these funds, if FORB does not have a project or program the donor would like to support.

## FRIENDS OF ROOKERY BAY, INC.

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 4 – CONDITIONAL CONTRIBUTION (Continued)

The agreement stipulates that the funds will be held in escrow while the needs assessment is being performed. As of June 30, 2024 and as of the date of this report, FORB is still in the process of conducting the needs assessment and thus the receipt of the conditional contribution was recorded as an amount in escrow and contingent escrow funds on the statement of financial position for 2024.

#### NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2024 consisted of the following:

Norris Gaynor Scholarship Fund (see Note 3)	\$	196,101
Sue Miller Memorial Scholarship Fund (see Note 3)		172,350

Amounts included in cash and cash equivalents:

Lennar Management Fund	100,617
Sea Turtle Nesting	52,061
Shark Research	10,024
Education	4,002
Research	3,273
Stewardship	3,539
FIU Mangrove	(10,090)
Minorities in Shark Research	<u>(3,131)</u>
Total included in cash and cash equivalents (see Note 6)	<u>160,295</u>
Total net assets with donor restrictions	<u>\$ 528,746</u>

During 2024, 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:

Norris Gaynor Scholarship Fund	\$	3,051
Sue Miller Memorial Scholarship Fund		5,400
Lennar Management Fund		2,850
Sea Turtle Nesting		15,546
Shark Research		2,308
Education		1,150
Fire Management		96
FIU Mangrove		10,558
Minorities in Shark Research		<u>8,775</u>
Total satisfaction of purpose restrictions	<u>\$</u>	<u>49,734</u>

**FRIENDS OF ROOKERY BAY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - 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, 2024, consist of the following:

Cash and cash equivalents, unrestricted	\$	373,122
Cash and cash equivalents, donor restricted		160,295
Accounts receivable		5,477
Beneficial interest in assets held by others (See Note 3)		490,725
Less those unavailable for general expenditures within one-year due to:		
Board designated funds		(143,450)
Norris Gaynor Scholarship Fund (See Notes 3 and 5)		(196,101)
Sue Miller Memorial Scholarship Fund (See Notes 3 and 5)		(172,350)
Donor restricted funds (See Note 5)		<u>(160,295)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>357,423</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

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

September 30, 2024

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, 2024, 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 September 30, 2024.

**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) 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 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, 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 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.  
September 30, 2024

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether FORB'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 financial statements. 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 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 FORB's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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





Friends of Rookery E  
300 Tower  
Naples, FL 341  
(239) 530-59  
rookerybay.c

September 30, 2024

PHILLIPS FELDMAN 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, 2024, 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 September 30, 2024, 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 January 12, 2023, 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.

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, except for the funds totaling \$35,000 from the Kellogg Foundation which were held in escrow as of June 30, 2024, 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, 2024.
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 2023, 2022, and 2021 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, 2024 in the aggregate amount of \$45,652, 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, 2024 were determined from the FORB's inventory records, which have been adjusted on the basis of physical inventories taken by employees at June 30, 2024. Liabilities, if unpaid, for all items included in inventories is recorded at June 30, 2024.
29. We represent the expenses allocation methods used to prepare the 2024 functional expenses statement properly present FORB's 2024 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, 2024 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, 2024 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, 2024, 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, 2024 are properly classified as denoted in the notes to the financial statements.
35. We represent that the contribution received during 2024 from the Kellogg Foundation totaling \$35,000 is a conditional contribution and thus, will not be recognized until all barriers to entitlement are met (anticipated to occur subsequent to June 30, 2024). We further represent that FORB has complied with the stipulations within the signed agreement related to this conditional contribution.
36. 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.
37. 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.

38. 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.
39. We represent that FORB is following the prescribed procedures and policies consistently throughout the year in accordance with the approved internal Financial Procedures Manual adopted in January 2019, and revised in January 2022, to reduce the potential risks associated with a lack of segregation duties due to the small size of the accounting staff.
40. In regard to the financial statements preparation and annual tax return preparation services performed by you, we have
- a. Assumed all management responsibilities.
  - b. Designated Steve Markert, Treasurer, and Athan Barkoukis, Executive Director, 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.



Steve Markert, Treasurer



Athan Barkoukis, Executive Director



Sharon Sutton, Accountant

