

**Conservation Foundation
of the Gulf Coast, Inc.**

Financial Statements and
Independent Auditor's Report
September 30, 2019 and 2018

Contents

	Page
Independent Auditor's Report	i
Financial Statements	
Statements of Financial Position	2
Statement of Activities - 2019.....	3
Statement of Activities - 2018.....	4
Statement of Functional Expenses - 2019	5
Statement of Functional Expenses - 2018	6
Statements of Cash Flows.....	7
Notes to Financial Statements	8

Independent Auditor's Report

The Board of Trustees
Conservation Foundation of the Gulf Coast, Inc.
Osprey, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Conservation Foundation of the Gulf Coast, Inc. (the Foundation) (a not-for-profit organization), which comprise the statements of financial position as of September 30, 2019 and 2018, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Conservation Foundation of the Gulf Coast, Inc. as of September 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kerkering Barberio & Co.
Sarasota, Florida
February 5, 2020

Conservation Foundation of the Gulf Coast, Inc.

Statements of Financial Position

September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 582,503	\$ 901,537
Accounts receivable	22,052	39,994
Contributions receivable, current portion	2,605	102,748
Grant receivable, current portion	-	11,665
Prepaid expenses and other assets	<u>45,694</u>	<u>199,444</u>
Total current assets	652,854	1,255,388
Contributions receivable, net of current portion	1,797	1,797
Grant receivable, net of current portion	-	10,746
Cash reserved for future projects	3,107,671	1,666,635
Investments	3,618,501	3,642,943
Land, buildings, improvements and equipment, net	3,858,653	3,839,257
Land held for conservation	<u>20,132,902</u>	<u>19,697,901</u>
Total Assets	<u>\$ 31,372,378</u>	<u>\$ 30,114,667</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 115,225	\$ 37,475
Accrued expenses	46,162	30,582
Deferred income	70,272	122,975
Security deposits	<u>8,500</u>	<u>16,500</u>
Total current liabilities	<u>240,159</u>	<u>207,532</u>
Net Assets:		
Without donor restrictions		
Undesignated	4,113,114	4,073,756
Board designated	<u>6,738,631</u>	<u>5,839,585</u>
Total net assets without donor restrictions	<u>10,851,745</u>	<u>9,913,341</u>
With donor restriction		
Purpose restricted	102,072	295,893
Perpetual in nature	<u>20,178,402</u>	<u>19,697,901</u>
Total net assets with donor restrictions	<u>20,280,474</u>	<u>19,993,794</u>
Total net assets	<u>31,132,219</u>	<u>29,907,135</u>
Total Liabilities and Net Assets	<u>\$ 31,372,378</u>	<u>\$ 30,114,667</u>

See accompanying notes to financial statements.

Conservation Foundation of the Gulf Coast, Inc.

Statement of Activities

Year Ended September 30, 2019

(With Summarized Totals For 2018)

	WITHOUT Donor Restriction	WITH Donor Restriction	2019 Total	2018 Total
Revenues, Gains, and Other Support:				
Contributions	\$ 888,255	\$ 894,837	\$ 1,783,092	\$ 2,497,817
Grants	17,849	358,010	375,859	466,901
In-kind contributions	273	-	273	35,445
Program income	105,758	-	105,758	83,857
Interest and dividend income, net of fees	122,639	-	122,639	64,198
Realized and unrealized gain on investments, net	1,599	-	1,599	173,128
Special events revenue, net of direct costs of \$204,026 and \$191,074, respectively	217,481	-	217,481	232,702
Other income	793,798	-	793,798	-
Extinguishment of land held for conservation easement	-	1	1	3
Net assets released from restrictions	966,168	(966,168)	-	-
Total revenues, gains, and other support	3,113,820	286,680	3,400,500	3,554,051
Expenses:				
Program expenses	1,932,697	-	1,932,697	2,498,043
Management and general	70,409	-	70,409	73,392
Fundraising	172,310	-	172,310	178,932
Total program expenses	2,175,416	-	2,175,416	2,750,367
Change in net assets	938,404	286,680	1,225,084	803,684
Net assets, beginning of year	9,913,341	19,993,794	29,907,135	29,103,451
Net assets, end of year	\$ 10,851,745	\$ 20,280,474	\$ 31,132,219	\$ 29,907,135

See accompanying notes to financial statements.

Conservation Foundation of the Gulf Coast, Inc.

Statement of Activities

Year Ended September 30, 2018

(With Summarized Totals For 2019)

	Without Donor Restriction	With Donor Restriction	2018 Total	2019 Total
Revenues, Gains, and Other Support:				
Contributions	\$ 850,762	\$ 1,647,055	\$ 2,497,817	\$ 1,783,092
Grants	20,000	446,901	466,901	375,859
In-kind contributions	35,445	-	35,445	273
Program income	83,857	-	83,857	105,758
Interest and dividend income, net of fees	64,198	-	64,198	122,639
Realized and unrealized gain on investments, net	173,128	-	173,128	1,599
Special events revenue, net of direct costs of \$191,074 and \$204,026 respectively	232,702	-	232,702	217,481
Other income	-	-	-	793,798
Extinguishment of land held for conservation easement	-	3	3	1
Net assets released from restrictions	1,926,654	(1,926,654)	-	-
Total revenues, gains, and other support	<u>3,386,746</u>	<u>167,305</u>	<u>3,554,051</u>	<u>3,400,500</u>
Expenses:				
Program expenses	2,498,043	-	2,498,043	1,932,697
Management and general	73,392	-	73,392	70,409
Fundraising	178,932	-	178,932	172,310
Total program expenses	<u>2,750,367</u>	<u>-</u>	<u>2,750,367</u>	<u>2,175,416</u>
Change in net assets	636,379	167,305	803,684	1,225,084
Net assets, beginning of year	9,276,962	19,826,489	29,103,451	29,907,135
Net assets, end of year	<u>\$ 9,913,341</u>	<u>\$ 19,993,794</u>	<u>\$ 29,907,135</u>	<u>\$ 31,132,219</u>

See accompanying notes to financial statements.

Conservation Foundation of the Gulf Coast, Inc.

Statement of Functional Expenses
Year Ended September 30, 2019
(With Summarized Totals For 2018)

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2019 Total</u>	<u>2018 Total</u>
Expenses:					
Fees	\$ 10,166	\$ -	\$ -	\$ 10,166	\$ 5,783
Office expense	12,945	-	-	12,945	10,922
Bank/finance charges	456	-	5	461	508
Grants awarded expenses	130,163	-	-	130,163	138,684
Community education	1,050	-	-	1,050	2,900
IT and software	22,356	-	309	22,665	14,859
Supplies	29,863	-	377	30,240	32,255
Donor cultivation	990	-	3,656	4,646	18,564
Taxes-Property	4,793	-	-	4,793	4,876
Signage	1,757	-	-	1,757	487
Utilities	11,697	-	-	11,697	11,694
Licenses & Permits	436	-	-	436	411
Dues, subscriptions, books, memberships	10,727	-	238	10,965	8,257
Advisors expense	1,177	-	-	1,177	1,953
Telephone	10,316	561	1,631	12,508	10,677
Interest expense	-	241	-	241	0
Merchant processing	205	-	1,814	2,019	3,622
Advertising/promotion	6,550	-	70	6,620	7,351
Lawn/grounds maintenance	25,845	-	-	25,845	24,779
Building maintenance	23,636	-	-	23,636	22,865
Miscellaneous	29,499	-	107	29,606	5,981
Personnel	603,446	19,784	134,833	758,063	723,686
Depreciation & amortization	111,143	1,329	4,785	117,257	115,464
Professional fees	92,352	43,065	-	135,417	59,946
Publications	41,041	-	22,137	63,178	42,526
Staff travel, training, & conferences	35,715	74	2,348	38,137	33,039
Liability & other insurance	46,503	5,355	-	51,858	47,755
Land acquisition program expense	667,870	-	-	667,870	1,365,078
In-kind expenses	-	-	-	-	35,445
Total expenses	<u>\$ 1,932,697</u>	<u>\$ 70,409</u>	<u>\$ 172,310</u>	<u>\$ 2,175,416</u>	<u>\$ 2,750,367</u>

See accompanying notes to financial statements.

Conservation Foundation of the Gulf Coast, Inc.

Statement of Functional Expenses
Year Ended September 30, 2018
(With Summarized Totals For 2019)

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2018 Total</u>	<u>2019 Total</u>
Expenses:					
Fees	\$ 5,783	\$ -	\$ -	\$ 5,783	\$ 10,166
Office expense	10,922	-	-	10,922	12,945
Bank/finance charges	393	5	110	508	461
Grants awarded expenses	138,684	-	-	138,684	130,163
Community education	2,900	-	-	2,900	1,050
IT and software	14,819	-	40	14,859	22,665
Supplies	31,436	676	143	32,255	30,240
Donor cultivation	4,100	-	14,464	18,564	4,646
Taxes-Property	4,876	-	-	4,876	4,793
Signage	487	-	-	487	1,757
Utilities	11,694	-	-	11,694	11,697
Licenses & Permits	411	-	-	411	436
Dues, subscriptions, books, memberships	7,907	-	350	8,257	10,965
Advisors expense	1,886	-	67	1,953	1,177
Telephone	8,522	769	1,386	10,677	12,508
Interest expense	-	-	-	-	241
Merchant processing	1,142	-	2,480	3,622	2,019
Advertising/promotion	7,351	-	-	7,351	6,620
Lawn/grounds maintenance	24,779	-	-	24,779	25,845
Building maintenance	22,785	-	80	22,865	23,636
Miscellaneous	5,961	-	20	5,981	29,606
Personnel	542,411	53,069	128,206	723,686	758,063
Depreciation & amortization	109,838	1,211	4,415	115,464	117,257
Professional fees	47,731	12,215	-	59,946	135,417
Publications	18,281	-	24,245	42,526	63,178
Staff travel, training, & conferences	29,921	192	2,926	33,039	38,137
Liability & other insurance	42,500	5,255	-	47,755	51,858
Land acquisition program expense	1,365,078	-	-	1,365,078	667,870
In-kind expenses	35,445	-	-	35,445	-
Total expenses	\$ <u>2,498,043</u>	\$ <u>73,392</u>	\$ <u>178,932</u>	\$ <u>2,750,367</u>	\$ <u>2,175,416</u>

See accompanying notes to financial statements.

Conservation Foundation of the Gulf Coast, Inc.

Statements of Cash Flows
Years Ended September 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,225,084	\$ 803,684
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	117,257	115,464
Realized and unrealized gain on investments, net	(1,599)	(173,128)
Non-cash donations of land	(204,967)	(471,800)
Non-cash transfer of land	150,000	-
Non-cash extinguishment of development rights	-	315,000
Change in operating assets:		
Accounts receivable	17,942	(20,337)
Contributions receivable	100,143	(100,048)
Grant receivable	22,411	2,225
Prepaid expenses and other assets	3,753	257
Change in operating liabilities:		
Accounts payable	77,750	(13,768)
Accrued expenses	15,577	951
Deferred income	(52,703)	37,475
Security deposits	(8,000)	3,500
Total adjustments	237,564	(304,209)
Net cash provided by operating activities	1,462,648	499,475
Cash Flows from Investing Activities:		
Purchases of investments	(1,397,016)	(1,794,029)
Proceeds from sales of investments	1,423,056	1,747,776
Purchase of land held for conservation	(230,033)	-
Purchase of land, buildings, improvements, and equipment	(136,653)	(392,289)
Net cash used in investing activities	(340,646)	(438,542)
Cash flows from financing activities		
Change in cash reserved for future projects	(1,441,036)	123,843
Net cash provided by (used in) financing activities	(1,441,036)	123,843
Net change in cash and cash equivalents	(319,034)	184,776
Cash and cash equivalents, beginning of year	901,537	716,761
Cash and cash equivalents, end of year	\$ 582,503	\$ 901,537

See accompanying notes to financial statements.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements

September 30, 2019 and 2018

I. Organization

Conservation Foundation of the Gulf Coast, Inc. (the Foundation) is a not-for-profit corporation whose mission is to protect the character, natural integrity and biodiversity of the bays, beaches, barrier islands and their watersheds on Florida's Gulf Coast. The Foundation accomplishes this mission by working with landowners, businesses, government, and other not-for-profits. They are a nationally accredited land trust that purchases and receives in donation natural areas, holds land conservation easements, and educates for responsible land and water stewardship in Manatee, Sarasota, Charlotte, Collier and Lee Counties. The Foundation's revenue comes primarily from contributions and grants.

The Foundation works with partners in their preservation initiatives. In some cases, the land conserved or conservation easements obtained are retained by the partner. Those properties are not reflected in the schedule below. As it is the Foundation's mission to protect land in perpetuity, a significant portion of its nearly \$24,000,000 in real property assets is in protected land as reflected in the following chart:

	Acres	Value
Conservation Easement Properties:		
Casey Key Waterfront	00.70	\$ 1.00
Manasota Key Waterfront	00.97	1.00
Pine Island Preserve**	**	1.00
Manatee River Waterfront	0.41	1.00
Robinson Preserve Expansion	149.18	1.00
Johnson Preserve at Braden River	32.38	1.00
Johnson Preserve at Braden River - Bergstresser	11.44	1.00
Tatum Sawgrass Conservation Area	25.00	1.00
Pepper Ranch Preserve	1,510.00	1.00
Subtotal	1,730.08	9.00
Fee Properties		
Pine Island Preserve	207.00	8,046,135
Pine Island Preserve **	22.05	22,050
Michael Biehl Park	0.28	407,050
Bay Preserve at Osprey	4.38	6,065,065
Manatee River Waterfront	1.70	345,793
Siesta Key Preserve	1.21	4,805,000
Upper Myakka Preserve	65.85	6,800
Tatum Sawgrass Scrub Preserve	37.80	435,000
Subtotal**	340.27	20,132,893
Total Land Protected in Perpetuity **	2,070.35	20,132,902
Trade Land Fee Properties		
Tarpon Point Landing - Myakka River	1.30	103,973
Total Land		\$ 20,236,875

** Total Pine Island Preserve property protected both by a conservation easement and owned in fee of 22.05 acres cannot be double-counted. To avoid double-counting, it is included as fee property acreage on audited financial statements and as conservation easement property acreage on Form 990.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2019 and 2018

2. Summary of Significant Accounting Policies

Financial Statements

The financial statements and notes are representations of the Foundation's management who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions - net assets that are not subject to donor-imposed stipulations. Quasi-endowment funds and board designated funds, established by the Board of Directors, are classified as net assets without donor restrictions.

Net assets with donor restrictions - net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, these net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Other donor-imposed restrictions are perpetual in nature. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investment for general or specific purposes. In addition, the Foundation records land held for conservation as perpetual in nature.

Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions and grants received with donor and grantor stipulations that limit the use of donated assets are treated as net assets with donor restrictions as determined by the donor. Contributions restricted by the donor for endowment purposes are treated as net assets with donor restrictions, where the fund stays intact in perpetuity.

After receipt of contributions without donor restrictions, the Board, at its discretion, may designate how the contributions are to be expended. Revenue without donor restrictions is recognized when earned.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

Donated Materials and Services

The Foundation receives donated legal and consulting services as well as property and improvements. These donations are shown on the accompanying statements of activities as in-kind contributions. The fair market value of the donated services was \$0 and \$35,445 for the years ended September 30, 2019 and 2018, respectively.

The Foundation also receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. These services do not meet the criteria for recognition as donated revenue under generally accepted accounting principles, and as a result, no amounts have been recognized in the statement of activities.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. The expenses that are allocated include salaries and wages, benefits, payroll taxes, and other expenses for services which are allocated on the basis of estimated time and effort. Depreciation and amortization is allocated based on a square foot analysis.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

Under the Income Taxes Topic of the FASB Accounting Standards Codification, the Foundation has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Foundation.

The Foundation files income tax returns in the U.S. federal jurisdiction. The tax periods open to examination by the major taxing jurisdictions to which the Foundation is subject include fiscal years ended September 30, 2016 through September 30, 2019.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents reserved for future projects or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the statements of cash flows.

Accounts Receivable

The Foundation uses the allowance method to provide for uncollectible accounts receivable. However, an allowance has not been recorded at either September 30, 2019 or 2018 since all accounts receivable are estimated by management to be collectible.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

Land, Buildings, Improvements and Equipment

Land, buildings, improvements and equipment with values of \$1,000 or more are recorded at cost when purchased or, if donated, at the fair market value at the date of donation and are depreciated using the straight-line method over the assets estimated useful life (5 years for furniture and equipment, 15 years for land improvements, 50 years for buildings, and 15-50 years for building improvements). When property and equipment assets are retired or disposed of, the cost and related accumulated depreciation is removed from the accounts and any gain or loss is reflected in income for that period. The cost of maintenance and repairs is charged to expense as incurred.

Land purchased for the purpose of conservation and protection is classified as land held for conservation in the statements of financial position.

Conservation Easements

Conservation easements are legal documents filed in the official records of the Clerk of Circuit Court in the applicable counties. A conservation easement places legally enforceable, permanent restrictions on the development and other uses of property. Conservation easements are negotiated between the landowner and the Foundation based on the natural characteristics of the property and the wishes of the landowner. By accepting a conservation easement, the Foundation incurs perpetual responsibility in relation to monitoring the property to ensure compliance with the easement and legal costs of enforcement. As of September 30, 2019, the Foundation holds nine conservation easements consisting of 1,730.08 acres.

Conservation easements, either purchased or donated, are initially valued at their appraised value. When donated, the appraised value is reflected as a contribution in the statements of activities. When purchased, the difference between the purchase price and the appraised value is reflected as a contribution in the statement of activities. Once the development rights for a specific conservation easement are extinguished, generally immediately after acquisition, a valuation allowance is established to reduce the carrying value of the conservation easement to a nominal value of \$1, in order to reflect the lack of marketability of the easement, due to the extinguishment of development rights. The provision for the valuation allowance is included in "Land acquisition program expense" in the statement of functional expenses.

Investments

Investments are reported at their fair value in the statements of financial position, which represents the value at the date of donation or cost on the date of purchase plus reinvested earnings and appreciation or depreciation. Increases and decreases in fair value are recognized in the period in which they occur and the carrying values of the investments are adjusted to reflect these market fluctuations. Gains or losses on securities sold are computed on a specific identification basis. Unrealized and realized gains and losses are netted in the statement of activities.

Financial Instruments Not Measured at Fair Value

The Foundation's financial instruments that are not measured at fair value on a recurring basis but are recorded at amounts that approximate fair value due to their liquid or short-term nature includes cash and cash equivalents, accounts receivable, contributions receivable, grants receivable, cash reserved for future projects, prepaid expenses and other assets, accounts payable, accrued expenses, deferred income, and security deposits.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

Accounting Pronouncements Adopted

In August 2016, the FASB issued ASU 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities" (Topic 958), which was adopted by the Foundation for the year ended September 30, 2019. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets with donor restrictions" and "net assets without donor restrictions", (b) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (d) presenting investment return net of external and direct internal investment expenses, and (e) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

3. Liquidity and Availability

Financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 582,503
Accounts receivable	22,052
Contributions receivable, current portion	2,605
Cash reserved for future projects	3,107,671
Investments	3,618,501
Total financial assets available within one year	<u>7,333,332</u>
Less: Amounts unavailable for general expenditures within one year due to:	
Restricted by donors in perpetuity	<u>(45,500)</u>
Total amounts unavailable for general expenditures within one year	<u>(45,500)</u>
Amounts unavailable to management without Board approval:	
Board designated for quasi-endowment	(3,685,961)
Board designated for future projects	<u>(3,052,670)</u>
Total amounts unavailable to management without Board approval	<u>(6,738,631)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 549,201</u>

The Foundation manages its liquid assets in accordance with regular budgeting processes developed through the coordinated efforts of management and the Board of Directors. Monthly reporting by management to those charged with governance ensures the results from operating activities are monitored closely.

The board-designated endowment of \$3,685,961 is subject to an annual spending rate of generally 4% of the fund's balance. The Foundation's board designated for future projects totals \$3,052,670. Although the Foundation does not intend to spend from these board-designated amounts (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2019 and 2018

4. Land, Buildings, Improvements and Equipment

Land, buildings, improvements, and equipment consisted of the following at September 30:

	2019	2018
Land	\$ 103,973	\$ 103,973
Furniture, fixtures and equipment	86,204	113,137
Buildings and improvements	3,935,138	3,888,215
Land improvements	97,038	82,308
Construction in progress	658,772	587,731
	4,881,125	4,775,364
Less: accumulated depreciation	(1,022,472)	(936,107)
Total land, buildings, improvements and equipment, net	\$ 3,858,653	\$ 3,839,257

Depreciation and amortization expense for the years ended September 30, 2019 and 2018 was \$117,257 and \$115,464, respectively.

The Foundation leases land to a local government for a nominal fee to be used as a park.

5. Contributions and Grants Receivable, net

Contributions and grants receivable, are summarized as follows at September 30:

	2019	2018
Unconditional promises and grants expected to be collected in:		
Less than one year	\$ 2,605	\$ 114,413
One year to five years	2,000	13,848
Total unconditional promises	4,605	128,261
Less discounts to net present value (at 5%)	(203)	(1,305)
Total contributions and grants receivable, net	\$ 4,402	\$ 126,956

No allowance for uncollectible contributions was determined to be necessary for the years ended September 30, 2019 and 2018.

The Foundation has received conditional promises of bequest from donors which, if received, would generally be restricted for specific purposes stipulated by the donors. It is not practical to estimate the net realizable value of such promises.

6. Investments

Investments consisted of the following as of September 30:

	2019		2018	
	Cost	Market Value	Cost	Market Value
Equities	\$ 468,894	\$ 531,056	\$ 632,511	\$ 750,697
Mutual funds	2,845,406	3,087,445	2,729,774	2,892,246
Total investments	\$ 3,314,300	\$ 3,618,501	\$ 3,362,285	\$ 3,642,943

Interest and dividend income, net of investment fees and expenses for the years ended September 30, 2019 and 2018 totaled \$122,639 and \$64,198, respectively. Realized and unrealized gain on investments for the year ended September 30, 2019 consisted of net realized losses of \$21,944 and net unrealized gains of \$23,543. Realized and unrealized gain on investments for the year ended September 30, 2018 consisted of net realized gains of \$72,327 and net unrealized gains of \$100,801.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2019 and 2018

7. Concentration of Credit Risk

The Foundation places its cash and cash equivalents with high credit quality financial institutions. During the year, the Foundation may have deposits with financial institutions, which exceed FDIC insurance limits. The Foundation has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of September 30:

Subject to expenditure for specified purpose:	<u>2019</u>	<u>2018</u>
Contributions and grants receivable	\$ 4,402	\$ 126,956
Other programs	97,670	168,937
Total purpose restrictions	<u>102,072</u>	<u>295,893</u>
Perpetual in nature:		
Donor restricted endowment for land stewardship	45,500	-
Land held for conservation	20,132,902	19,697,901
Total perpetual in nature	<u>20,178,402</u>	<u>19,697,901</u>
Total net assets with donor restrictions	<u>\$ 20,280,474</u>	<u>\$ 19,993,794</u>

9. Net Assets Released From Restrictions

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by the donor are as follows during the year ended September 30:

	<u>2019</u>	<u>2018</u>
Expenditures for Murphy Marsh Project	\$ 481,000	\$ -
Expenditures for MAG Project	285,583	-
Expenditures for Johnson Preserve	-	1,504,828
Expenditures for other programs	199,585	421,826
Total net assets released from restrictions	<u>\$ 966,168</u>	<u>\$ 1,926,654</u>

10. Board Designated Net Assets

Board designated net assets at September 30 are broken out as follows:

	<u>2019</u>	<u>2018</u>
Quasi-endowments	\$ 3,685,961	\$ 3,686,453
Pine Island park development and stewardship	1,393,632	1,422,994
Bay Preserve capital	25,028	19,886
Board Designated Capital Reserve Fund	250,108	161,682
Operating reserve	555,334	548,570
Land acquisition fund	828,568	-
Total board designated net assets	<u>\$ 6,738,631</u>	<u>\$ 5,839,585</u>

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2019 and 2018

II. Endowment Funds

The Foundation's endowment consists of funds established for a variety of purposes. Its endowment includes both donor restricted endowment funds and funds designated by the Board to function as endowments (quasi-endowments). As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

Interpretation of Relevant Law

The Foundation's Board has interpreted the Uniform Prudent Management of Institutional Funds (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies donor restricted endowment funds as (a) the original value of gifts donated to the perpetual endowment, and (b) the original value of subsequent gifts to the perpetual endowment. The remaining portion of the donor restricted endowment fund that is not classified as perpetual in nature is classified as purpose restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment Net Asset Composition

As of September 30, 2019 endowment funds are broken out as follows:

	Without Donor Restrictions	With Donor Restrictions
Endowment funds without donor restrictions:		
General Quasi-Endowment Fund	\$ 1,621,297	\$ -
Bay Preserve Quasi-Endowment Fund	686,055	-
Stewardship Fund	278,161	-
Pine Island Preserve at Matlacha Pass Quasi-Endowment Fund	1,100,448	-
Endowment funds with donor restrictions:		
Perpetual in nature	-	45,500
Total endowment funds	\$ 3,685,961	\$ 45,500

As of September 30, 2018, endowment funds are broken out as follows:

	Without Donor Restrictions	With Donor Restrictions
Endowment funds without donor restrictions:		
General Quasi-Endowment Fund	\$ 1,645,092	\$ -
Bay Preserve Quasi-Endowment Fund	696,217	-
Stewardship Fund	228,403	-
Pine Island Preserve at Matlacha Pass Quasi-Endowment Fund	1,116,741	-
Endowment funds with donor restrictions:		
Perpetual in nature	-	-
Total endowment funds	\$ 3,686,453	\$ -

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2019 and 2018

II. Endowment Funds (Continued)

Change in Endowment Net Assets

Changes in endowment net assets for the year ended September 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, October 1, 2018	\$ 3,686,453	\$ -	\$ 3,686,453
Endowment investment return:			
Interest and dividends	105,705	1,341	107,046
Realized and unrealized gain, net	(1,212)	2,811	1,599
Total endowment investment return	104,493	4,152	108,645
Contributions	50,000	45,500	95,500
Account fees	(19,935)	(245)	(20,180)
Distributions to the Foundation	(138,957)	-	(138,957)
Appropriation of endowment for expenditure	3,907	(3,907)	-
Net other endowment activity	(104,985)	41,348	(63,637)
Endowment net assets, September 30, 2019	\$ 3,685,961	\$ 45,500	\$ 4,166,461

Changes in endowment net assets for the year ended September 30, 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, October 1, 2017	\$ 3,554,910	\$ -	\$ 3,554,910
Endowment investment return:			
Interest and dividends	84,167	-	84,167
Realized and unrealized gain, net	173,318	-	173,318
Total endowment investment return	257,485	-	257,485
Contributions	27,500	-	27,500
Account fees	(20,338)	-	(20,338)
Distributions to the Foundation	(133,104)	-	(133,104)
Net other endowment activity	(125,942)	-	(125,942)
Endowment net assets, September 30, 2018	\$ 3,686,453	\$ -	\$ 3,686,453

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level classified as donor restricted endowment funds. As of September 30, 2019 and 2018, there were no deficiencies of this nature reported in net assets with donor restrictions.

Return Objectives, Strategies Employed for Achieving Objectives, and Risk Parameters

The Foundation's investment objectives are the preservation of the portfolio's capital and the maximization of investment earnings in excess of inflation within acceptable levels of capital market volatility. These objectives are met with investment strategies that consider a long term horizon while also considering the short term spending needs of the transferred funds.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2019 and 2018

11. Endowment Funds (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's quasi-endowment spending is set annually by the Board after considering the funding needs of current Foundation operations and the desire to preserve the long-term purchasing power of its quasi-endowment funds. Annual distributions of generally 4% from the endowment funds are authorized by the Board based on recommendations of the Finance Committee.

12. Reclassifications

To facilitate comparison of financial data, certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 reporting presentation. Such reclassifications had no effect on the change in net assets previously reported.

13. Fair Value of Financial Assets and Liabilities

The Foundation values certain assets in accordance with the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. This Topic provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

This Topic requires the Foundation to present fair value measurements separately for each class of assets and liabilities held as of September 30, 2019 and 2018. The following table presents information about the classes of assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2019 and 2018, and indicates the fair value hierarchy of the valuation techniques used to determine fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 - quoted market prices in active markets for identical assets or liabilities, such as publicly traded equity securities.

Level 2 - inputs, other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.), or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability (for example, certain hedge funds, private equity and other). The inputs reflect the Foundation's assumptions based on the best information available in the circumstance.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2019 and 2018

13. Fair Value of Financial Assets and Liabilities (Continued)

Description	September 30, 2019	Level 1	Level 2	Level 3
Assets at Fair Value:				
Investments:				
Equities:				
Exchange traded	\$ 531,056	\$ 531,056	\$ -	\$ -
Total equity	<u>531,056</u>	<u>531,056</u>	<u>-</u>	<u>-</u>
Mutual funds:				
Equities	2,285,219	2,285,219	-	-
Fixed income	802,226	802,226	-	-
Total mutual funds	<u>3,087,445</u>	<u>3,087,445</u>	<u>-</u>	<u>-</u>
Total investments at fair value	<u>\$ 3,618,501</u>	<u>\$ 3,618,501</u>	<u>\$ -</u>	<u>\$ -</u>

Description	September 30, 2018	Level 1	Level 2	Level 3
Assets at Fair Value:				
Investments:				
Equities:				
Exchange traded	\$ 750,697	\$ 750,697	\$ -	\$ -
Total equity	<u>750,697</u>	<u>750,697</u>	<u>-</u>	<u>-</u>
Mutual funds:				
Equities	2,083,974	2,083,974	-	-
Fixed income	706,800	706,800	-	-
Balanced	101,472	101,472	-	-
Total mutual funds	<u>2,892,246</u>	<u>2,892,246</u>	<u>-</u>	<u>-</u>
Total investments at fair value	<u>\$ 3,642,943</u>	<u>\$ 3,642,943</u>	<u>\$ -</u>	<u>\$ -</u>

14. Commitments and Contingencies

During the normal course of business, the Foundation may become subject to liens and/or lawsuits. Land trusts, such as the Foundation, are frequently parties to litigation and liens involving their conservation activities. There were no liens and/or lawsuits outstanding as of September 30, 2019 or as of the date of this report.

15. Retirement Plan

Beginning in January 2012, eligible employees can elect to participate in a 401(k) Safe Harbor Plan. In 2019 and 2018, eligible employees received a matching contribution equal to 100% of salary deferrals that did not exceed 3% of their compensation plus 50% of their salary deferrals between 3% and 5% of their compensation. Total plan contributions for the years ended September 30, 2019 and 2018 were \$21,555 and \$21,200, respectively.

16. Related Party Transactions

From time to time, the Foundation receives donations and promises to give from members of its Board of Trustees or engages in transactions with entities for which board members have a relationship. All board members sign conflict of interest forms, remove themselves from the room during discussion, and abstain from voting on issues where there could be a potential conflict of interest.

Conservation Foundation of the Gulf Coast, Inc.

Notes to Financial Statements (Continued)

September 30, 2019 and 2018

17. Line of Credit

The Foundation has a revolving line of credit up to \$150,000 available from a financial institution with a maturity date of April 2020. The interest rate is equal to the SunTrust Prime Rate minus 0.90% percentage points, which was 4.10% as of September 30, 2019. The SunTrust Prime Rate is a reference for fixing the lending rate for commercial loans and is a fluctuating rate of interest which can change on each banking day. The line is secured by the investments the Foundation is holding with the financial institution. There was no outstanding balance on this line of credit as of September 30, 2019 and 2018.

18. Operating Leases

The Foundation leases a copier machine expiring in 2020. Rent expense for the years ended September 30, 2019 and 2018 was \$2,016 and \$168, respectively. Future minimum payments for operating leases are as follows for the year ending September 30:

2020	\$	168
Total	\$	<u>168</u>

19. Miscellaneous Income

During the year ended September 30, 2019, the Foundation received \$992,247 related to a claim from the Deepwater Horizon Oil Spill. The amount was recorded in other income on the accompanying statement of activities, net of related professional fees of \$198,449.

20. Subsequent Events

The Foundation has evaluated all events subsequent to the statement of financial position date of September 30, 2019, through the date these financial statements were available for issuance, February 5, 2020, and has determined that except as noted below, there are no subsequent events that require disclosure under the FASB Accounting Standards Codification.

In October of 2019, the Foundation was granted a conservation easement from an unrelated company for 84.70 acres of land at Sarasota-Howard Creek.