

FINANCIAL STATEMENTS

**SANIBEL-CAPTIVA  
CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

CONTENTS

	<u>Page</u>
Independent Auditor's Report .....	1 - 2
Statements of Financial Position .....	3
Statements of Activities and Changes in Net Assets .....	4 - 5
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7 - 27



February 27, 2021

Board of Trustees  
Sanibel-Captiva Conservation Foundation, Inc.  
Sanibel, Florida

### Independent Auditor's Report

We have audited the accompanying financial statements of Sanibel-Captiva Conservation Foundation, Inc. (a nonprofit foundation), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets 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 audits. We conducted our audits 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 Sanibel-Captiva Conservation Foundation, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hill, Barth & King LLC  
Certified Public Accountants

STATEMENTS OF FINANCIAL POSITION

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

	2020	2019
<b><u>ASSETS</u></b>		
Cash	\$ 2,596,675	\$ 1,790,673
Investments	8,401,200	8,714,293
Reimbursable grant receivables	66,715	91,464
Unconditional promises to give, net	27,288	16,489
Other receivables	5,082	0
Inventory	58,743	18,229
Prepaid insurance	133,496	88,469
Land	17,604,632	16,544,611
Property and equipment, net	3,936,028	2,977,259
Other assets	5,400	5,400
TOTAL ASSETS	\$ 32,835,259	\$ 30,246,887
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>LIABILITIES</u></b>		
Accounts payable	\$ 10,039	\$ 13,417
Accrued expenses	92,284	197,732
Deferred revenue	50,000	0
Annuity obligations	170,378	177,634
Long-term debt	379,260	0
TOTAL LIABILITIES	701,961	388,783
<b><u>NET ASSETS</u></b>		
Without donor restrictions:		
Undesignated	6,011,159	3,734,668
Designated by the board:		
Land preservation	16,065,474	16,106,940
Habitat management	574,445	878,841
Other	5,769,940	5,406,766
	28,421,018	26,127,215
With donor restrictions:		
Time restricted	359,477	427,510
Purpose restricted	3,352,803	3,303,379
	3,712,280	3,730,889
TOTAL NET ASSETS	32,133,298	29,858,104
TOTAL LIABILITIES AND NET ASSETS	\$ 32,835,259	\$ 30,246,887

See accompanying notes to financial statements

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

Year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUE, GAINS AND OTHER SUPPORT</u>			
Contributions	\$ 3,081,008	\$ 93,000	\$ 3,174,008
Native landscapes and garden center sales	191,652	0	191,652
Fund raising events	397,451	0	397,451
Grant revenue	245,991	0	245,991
Interest and dividends	168,483	55,802	224,285
Change in value of investments	(205,948)	(38,627)	(244,575)
Other revenue	6,208	0	6,208
Net assets released from restrictions	128,783	(128,783)	0
TOTAL REVENUE, GAINS AND OTHER SUPPORT	4,013,629	(18,609)	3,995,020
<u>EXPENSES AND LOSSES</u>			
Land acquisition	32,272	0	32,272
Native landscapes and garden center	422,460	0	422,460
Habitat management	415,594	0	415,594
Marine lab	913,010	0	913,010
Environmental education	857,643	0	857,643
Coastal wildlife	344,979	0	344,979
Fundraising	78,349	0	78,349
General and administrative	954,237	0	954,237
Loss on disposition of asset	13,381	0	13,381
TOTAL EXPENSES	4,031,925	0	4,031,925
DECREASE IN NET ASSETS	(18,297)	(18,609)	(36,905)
<u>NET ASSETS</u>			
Beginning of year	26,127,215	3,730,889	29,858,104
Sea School combination	2,312,099	0	2,312,099
End of year	\$ 28,421,018	\$ 3,712,280	\$ 32,133,298

See accompanying notes to financial statements

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

Year ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUE, GAINS AND OTHER SUPPORT</u>			
Contributions	\$ 3,021,023	\$ 110,000	\$ 3,131,023
Native landscapes and garden center sales	193,114	0	193,114
Fund raising events	235,726	0	235,726
Grant revenue	258,189	0	258,189
Interest and dividends	140,106	66,112	206,218
Change in value of investments	329,255	274,951	604,206
Other revenue	23,641	0	23,641
Net assets released from restrictions	95,256	(95,256)	0
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>4,296,310</u>	<u>355,807</u>	<u>4,652,117</u>
<u>EXPENSES AND LOSSES</u>			
Land acquisition	36,330	0	36,330
Native landscapes and garden center	456,733	0	456,733
Habitat management	670,922	0	670,922
Marine lab	976,227	0	976,227
Environmental education	379,679	0	379,679
Fundraising	149,297	0	149,297
General and administrative	1,067,422	0	1,067,422
Loss on disposition of asset	9,836	0	9,836
TOTAL EXPENSES	<u>3,746,446</u>	<u>0</u>	<u>3,746,446</u>
INCREASE IN NET ASSETS	549,864	355,807	905,671
<u>NET ASSETS</u>			
Beginning of year	25,577,351	3,375,082	28,952,433
End of year	<u>\$ 26,127,215</u>	<u>\$ 3,730,889</u>	<u>\$ 29,858,104</u>

See accompanying notes to financial statements

STATEMENTS OF CASH FLOWS

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase (decrease) in net assets	\$ (36,905)	\$ 905,671
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	405,075	306,476
Change in value of investments	244,575	(604,206)
Loss on disposition of assets	13,381	0
(Increase) decrease in reimbursable grant receivables	24,749	(41,464)
(Increase) decrease in unconditional promises to give	(10,799)	37,410
Increase in other receivables	(5,082)	0
Increase in inventory	(40,514)	(823)
Increase in prepaid insurance	(45,027)	(71,448)
Decrease in deposit	0	401,094
Increase (decrease) in accounts payable and accrued expenses	(108,826)	18,852
Increase in deferred revenue	50,000	0
Decrease in deferred compensation	0	(551,578)
Decrease in annuity obligations	(7,256)	(8,905)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>483,371</u>	<u>391,079</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(338,703)	(730,870)
Payments for construction in progress, net of donated services	(50,525)	0
Proceeds from sales of investments	5,391,272	6,492,671
Purchases of investments	(5,058,673)	(6,464,267)
NET CASH USED IN INVESTING ACTIVITIES	<u>(56,629)</u>	<u>(702,466)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from PPP loan	379,260	0
NET INCREASE (DECREASE) IN CASH	<u>806,002</u>	<u>(311,387)</u>
<u>CASH</u>		
Beginning of year	1,790,673	2,102,060
End of year	<u>\$ 2,596,675</u>	<u>\$ 1,790,673</u>

See accompanying notes to financial statements



## NOTES TO FINANCIAL STATEMENTS

### **SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

#### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **General:**

The Sanibel-Captiva Conservation Foundation, Inc. (the Foundation), was formed in 1967 as a Florida not-for-profit corporation and is dedicated to preserving and protecting the natural environment. The Foundation owns approximately 1,800 acres on or surrounding Sanibel, Captiva and Pine Islands, Florida. Its programs include land acquisition, habitat management, water quality monitoring, education, research and consultation.

The Foundation also established a native plant nursery, research and education facility at the Conservation Center in 1979 for the purpose of studying the propagation and care of native plants and makes them available for use by the public for local landscaping. Project activities of the Native Landscapes and Garden Center also include the restoration of disturbed natural areas on Sanibel and Captiva Islands through the eradication of exotic vegetation and the re-establishment of native plant species.

In addition, the Foundation operates a marine laboratory for the purpose of understanding and maintaining the health of the estuarine habitats surrounding Sanibel and Captiva Islands.

##### **Basis of Accounting:**

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

##### **Financial Statement Presentation:**

The financial statements report resources for accounting purposes as separate classes of net assets based on the existence or absence of donor-imposed restrictions. Net assets that have similar characteristics are combined in the following categories:

- Without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.
- With donor restrictions:
  - Time restricted only - Net assets whose use is subject to donor-imposed stipulations that can be fulfilled by actions pursuant to those stipulations or that expire by the passage of time. When a restriction expires, the time restricted net assets are reclassified to without donor restricted net assets and reported in the statements of activities as net assets released from restrictions.
  - Purpose restricted - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents:**

The Foundation considers highly liquid debt instruments purchased with original maturity dates of three months or less to be cash equivalents.

**Investments:**

The Foundation measures its investments in accordance with FASB ASC 820, Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. As such, investments are carried at fair market value, which is based upon quoted market prices at June 30, 2020 and 2019. The increase (decrease) in the market value, interest, dividends and capital gains reinvested in the funds are reflected on the statements of activities and changes in net assets.

**Promises to Give:**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions which they depend on are substantially met.

**Inventory:**

Native Landscapes and Garden inventory is stated using the retail value method, which approximates fully-absorbed costs. Inventory associated with Sanibel Sea School is carried at cost.

**Land:**

Land purchased by the Foundation is stated at cost. Donated land is stated at fair market value at the date of gift or at tax assessed value when the fair value is not reasonably obtainable. The deeds to certain parcels of land contain restrictions limiting the use of the land to the Foundation's goal of conserving natural resources. Some of the deeds contain revocation clauses which stipulate that the grantor may revoke the Foundation's interest in the property should any deed restriction be violated.

**Property and Equipment:**

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful life of the depreciable assets. The Foundation capitalizes property and equipment with a cost in excess of \$1,500. Expenditures for maintenance and repairs are charged against operations.

**Donated Assets:**

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

**Compensated Absences:**

Employees of the Foundation are entitled to paid vacation and sick time, depending on the length of service. The Foundation accrues for unused vacation pay. Management considers it impracticable to estimate the amount of compensation for unused sick time.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Annuity Obligations:**

The Foundation enters into annuity arrangements with contributors who desire to support the work of the Foundation. In exchange, the Foundation agrees to pay the donors a set amount of money at an agreed upon interest rate periodically for the life of the donor. The annuity obligations are recorded at the greater of the present value of the stream of periodic payments based on the donors estimated lifespan or the balance of funds contributed by the donor.

**Donations Received:**

Donations received are recorded as without donor restrictions or with donor restrictions within net assets depending on the existence or nature of any donor restrictions. Donations that are restricted by the donor are reported as without donor restricted net assets if the restrictions expire in the fiscal year in which the donations are recognized. When a restriction expires, with donor restricted net assets are reclassified to without donor restricted net assets.

**Donated Services:**

The Foundation recognizes donated services that create or enhance non-financial assets. The Foundation also recognizes donated services for specialized skills that would typically need to be purchased if not acquired by donation provided that the services are performed by individuals possessing those skills. Total volunteer hours were immaterial for the year ended June 30, 2020 and 2019.

**Grant Revenue:**

The Foundation has been the recipient of several grants during the years ended June 30, 2020 and 2019. These grants are considered to be on a conditional basis as they depend on the occurrence of a specified future event that binds the promisor. The grants will be recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Such conditional promises as of June 30, 2020 and 2019 totaled \$268,077 and \$176,354, respectively. The grants were awarded for the conduct of various studies of the natural environment.

**Income Taxes:**

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It qualifies for the charitable contribution deduction under Section 170(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

**Use of Estimates:**

The preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

**Reclassifications:**

Certain items in the prior year financial statements have been reclassified to conform to the current year presentation. Such reclassifications had no effect on changes in net assets, except for those separately disclosed.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses:**

The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Salaries and wages have been allocated directly to program services and the remaining costs have been allocated to general and administrative costs based on time calculations performed by management.

**Advertising:**

The Foundation expenses the costs of advertising as incurred. Advertising expense for the years ended June 30, 2020 and 2019 was \$12,825 and \$3,748, respectively.

**Subsequent Events:**

Management evaluated all activity of the Foundation through February 27, 2021, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements or notes.

**NOTE B - ENDOWMENT**

**General:**

The Foundation's endowment consists of numerous individual funds established for a variety of purposes. The endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law:**

The Board of Trustees of the Foundation has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

**NOTE B - ENDOWMENT (CONTINUED)**

**Interpretation of Relevant Law (Continued):**

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the various funds
- (2) The purposes of the donor-restricted endowment funds
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and appreciation of investments
- (6) Other resources of the Foundation
- (7) The Foundation's investment policies

**Return Objectives and Risk Parameters:**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under the current policy, as approved by the Board of Trustees, the Foundation has set allocation targets within the following ranges:

- US Equities of 50% - 80%
- International Equities of 0% - 30%; of that Asia Ex-Japan and Emerging Markets should not exceed 10%
- Fixed Income/Taxable Debt of 10% - 40%
- Cash or cash equivalent of 1% - 20%

Managers of the endowment assets such as equities, fixed income and debt instruments will be expected to perform against a single blended benchmark at 70% MSCI All Country World and 30% Barclays Aggregate Bond Index. Cash and cash equivalents will be expected to produce a cumulative annualized total return net-of-fees and commissions that equals or exceeds 90-day T-Bills over rolling three-year periods. Objectives for assets that do not fit exactly in either the equity or fixed income category will be set at the time investment managers are hired and will be based on appropriate capital market indices.

**Strategies Employed for Achieving Objectives:**

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints. Endowment funds are managed both actively and passively and concentrations in one specific stock or fixed income investment must not exceed 10 percent of the value of endowment funds. The Endowment Committee will assess the performance of investment managers over a period of three years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

**NOTE B - ENDOWMENT (CONTINUED)**

**Spending Policy and How the Investment Objectives Relate to Spending Policy:**

The Foundation has a policy of appropriating for distribution no less frequently than annually an amount recommended by the endowment committee (currently 5 percent) of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end proceeding the fiscal year in which the distribution is planned. If the total return in a fiscal year is less than 5 percent, distributions may only be taken from principal in the board-restricted endowment funds. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment continued annual growth. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. To ensure adequate cash flow, the Endowment Committee will review and consider the appropriate amount to be held in highly liquid assets each year.

Board-designated endowment net asset composition as of June 30, 2020 and 2019 and during the years then ended is as follows:

	<u>2020</u>	<u>2019</u>
Endowment net assets - Beginning of year	\$ 2,811,799	\$ 2,521,594
Investment return:		
Net appreciation (depreciation)	(40,220)	180,205
Contributions	93,000	110,000
Endowment net assets - End of year	<u>\$ 2,864,579</u>	<u>\$ 2,811,799</u>

**NOTE C - INVESTMENTS IN MANAGED FUNDS**

The Foundation has entered into agreements for certain investments to be managed by third party investment advisors. Managed investments consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 2,142,451	\$ 1,014,966
Common stock	1,377,352	2,361,893
Preferred stock	0	85,891
Foreign stock	122,742	447,264
Mutual funds	4,758,655	4,804,279
	<u>\$ 8,401,200</u>	<u>\$ 8,714,293</u>

Of the above, Merrill Lynch Consultants Service managed \$284,974, Sanibel Captiva Trust Company managed \$4,242,100, and JP Morgan Chase & Co. managed \$3,874,126 at June 30, 2020.

Of the above, Merrill Lynch Consultants Service managed \$304,521, Sanibel Captiva Trust Company managed \$4,472,034, JP Morgan Chase & Co. managed \$3,085,334 and Fidelity Investments managed \$852,404 at June 30, 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

**NOTE D - FAIR VALUE MEASUREMENTS**

FASB ASC 820, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
  
- Level 2 – Inputs to the valuation methodology include
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability;
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2020 and 2019:

	Investments at fair value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 2,142,451	\$ 0	\$ 0	\$ 2,142,451
Common stock	1,377,352	0	0	1,377,352
Foreign stock	122,742	0	0	122,742
Mutual funds	4,758,655	0	0	4,758,655
Total assets at fair value	<u>\$ 8,401,200</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,401,200</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

**NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)**

	Investments at fair value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,014,966	\$ 0	\$ 0	\$ 1,014,966
Preferred stock	85,891	0	0	85,891
Common stock	2,361,893	0	0	2,361,893
Foreign stock	447,264	0	0	447,264
Mutual funds	4,804,279	0	0	4,804,279
Total assets at fair value	<u>\$ 8,714,293</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,714,293</u>

**NOTE E - PROMISES TO GIVE**

Unconditional promises to give consist of the following as of June 30:

**NOTE E - PROMISES TO GIVE**

	<u>2020</u>	<u>2019</u>
Pledges receivable	\$ 0	\$ 500
Sanibel Sea School	6,847	0
Native landscapes and garden	20,441	15,989
	<u>\$ 27,288</u>	<u>\$ 16,489</u>

All receivables outstanding at June 30, 2020 are due within one year. The Foundation has reserved the allowance for uncollectible pledges based on historical collection percentages of specifically identified uncollectible receivables.

**NOTE F - OTHER ASSETS**

Other assets consist of the following donated items as of June 30:

	<u>2020</u>	<u>2019</u>
Original duck stamp print	\$ 4,000	\$ 4,000
Original Havell engraving of Audubon drawing	1,400	1,400
	<u>\$ 5,400</u>	<u>\$ 5,400</u>



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

**NOTE G - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Buildings	\$ 2,637,070	\$ 1,756,127
Equipment	2,633,256	2,306,031
Tarpon Bay improvements	0	10,788
Furniture and fixtures	57,673	127,748
Library	0	5,597
Housing	276,417	276,417
Exhibit area	20,753	24,791
Bailey Homestead	806,306	759,833
Intangible assets	15,735	0
Construction in progress	50,525	0
	<u>6,497,735</u>	<u>5,267,332</u>
Less accumulated depreciation	<u>2,561,707</u>	<u>2,290,073</u>
	<u>\$ 3,936,028</u>	<u>\$ 2,977,259</u>

Depreciation expense is allocated among programs and supporting services classifications. Depreciation expense consists of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Land acquisition	\$ 31,872	\$ 31,521
Native landscapes and garden	16,249	6,910
Habitat management	89,347	79,387
Marine lab	194,608	143,366
Environmental education	41,938	15,316
Coastal wildlife	1,101	0
General and administrative	29,960	29,976
	<u>\$ 405,075</u>	<u>\$ 306,476</u>

**NOTE H - CHARITABLE GIFT ANNUITIES**

The Foundation has entered into annuity agreements with four contributors. Annuity obligations are recorded at the present value of expected future payments based on the IRS mortality tables and the prevailing interest rate. As of June 30, 2020 and 2019, the balance of invested funds and related annuity obligations totaled \$170,378 and \$177,634, respectively. The present value of future payment liabilities on these deferred gift annuity agreements as of June 30, 2020 and 2019 is \$71,274 and \$79,575, respectively. On October 20, 2010, the Board of Trustees voted to suspend the offering of annuity agreements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

**NOTE I - TIME RESTRICTED NET ASSETS**

Time restricted net assets consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Native landscapes and garden scholarship	\$ 0	\$ 10,861
Environmental education	42,167	53,189
Habitat management	100,984	137,250
Bailey campaign promises to give	0	500
Marine laboratory	5,080	6,639
Natural resource preservation	201,273	209,247
Sea turtle conservation	0	431
Ding Darling conservation education	9,973	9,393
	<u>\$ 359,477</u>	<u>\$ 427,510</u>

The above amounts include time restricted cash of \$0 at June 30, 2020 and 2019, as imposed by donors for future use by the annual fund.

**NOTE J - PURPOSE RESTRICTED NET ASSETS**

Purpose restricted net assets consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Endowment whose earnings are restricted for purposes of environmental education	\$ 177,292	\$ 134,355
Endowment whose earnings are restricted for purposes of preserving natural resources	648,224	638,434
Endowment whose earnings are restricted for purposes of providing scholarships for native landscapes and garden interns	22,978	33,055
Endowment whose earnings are unrestricted	1,093,055	1,030,965
Endowment whose earnings are set aside for habitat management	364,455	391,049
Endowment whose earnings are set aside for purposes of supporting the marine laboratory program	27,607	28,317
Endowment whose earnings are set aside for sea turtle conservation	0	1,089
Endowment whose earnings are set aside for purposes of maintaining an internship program	252,611	259,407
Endowment whose dividend and interest income is set aside for purposes of conservation education	275,001	295,128
Land holdings donor restricted for preservation	491,580	491,580
	<u>\$ 3,352,803</u>	<u>\$ 3,303,379</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

**NOTE K - NON-CASH INVESTING ACTIVITIES**

During the year ended June 30, 2020, the Foundation disposed of various property and equipment with a total cost of \$146,822 and total accumulated depreciation of \$133,441.

During the year ended June 30, 2019, the Foundation disposed of various property and equipment with a total cost of \$336,626 and total accumulated depreciation of \$302,790 and placed in to service \$516,770 from construction in progress.

**NOTE L - OTHER REVENUE**

Other revenue consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Admissions	\$ 374	\$ 8,966
Settlement and miscellaneous	5,834	14,427
Merchandise sales	0	248
	<u>\$ 6,208</u>	<u>\$ 23,641</u>

**NOTE M - RETIREMENT PLAN**

The Foundation provides a 401(k) deferred compensation and profit-sharing plan for the benefit of eligible employees. The plan covers all employees who have completed one year of service and have attained age eighteen. Additional contributions to the plan can be made at the discretion of the employer. During the fiscal years ended June 30, 2020 and 2019, employer contributions to the plan were charged to the following cost centers:

	<u>2020</u>	<u>2019</u>
Native landscapes and garden	\$ 15,189	\$ 15,632
Habitat management	9,802	17,921
Marine lab	25,955	25,309
Environmental education	27,406	16,073
Coastal wildlife	13,459	0
General and administrative	15,919	15,841
	<u>\$ 107,730</u>	<u>\$ 90,776</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

**NOTE N - OPERATING LEASES**

The Foundation has entered into various operating lease agreements with terms through November 2023. The leases call for monthly payments totaling \$238. Expense charged to programs totaled \$0 and \$112 for the years ended June 30, 2020 and 2019, respectively.

The Foundation recognizes donated use of the Marine Lab, which is owned by an outside third-party. The estimated fair value for the use of the Marine Lab represents the fair value of a lease agreement and is properly recorded as revenue and expense in the statements of activities and changes in net assets. During the years ended June 30, 2020 and 2019, the estimated fair value for the use of the Marine Lab was \$84,000 and \$96,000, respectively.

Future scheduled minimum rental commitments as of June 30, 2020 are as follows:

2021	\$	2,852
2022		2,852
2023		2,852
2024		1,190
TOTAL	\$	<u><u>9,746</u></u>

**NOTE O - MAJOR CONTRIBUTORS**

The Foundation had six contributors that constituted 23% of the Foundation's June 30, 2020 contributions revenue. Additionally, the Foundation had six contributors that constituted 19% of the Foundation's June 30, 2019 contributions revenue.

**NOTE P - RISKS AND UNCERTAINTIES**

The Foundation maintains cash balances with two banks on Sanibel Island, Florida. The bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2020, the Foundation had cash balances above the FDIC insured amount to the extent of \$2,124,350. Of these cash balances, \$1,801,329 are collateralized by securities pledged to the Foundation by the financial institution. A remaining \$323,021 of cash balances are not insured or collateralized.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

**NOTE Q - LIQUIDITY AND AVAILABILITY**

The Foundation's financial assets are considered unavailable when illiquid or not convertible to cash within one year and board designated endowments. The Foundations has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

The Foundation's financial assets available for general use expenditures within one year as of 2020, consist of the following:

Financial assets, as of June 30, 2020:

Cash	\$ 2,596,675
Investments	8,401,200
Reimbursable grant receivables	66,715
Unconditional promises to give, net	27,288
Other receivables	<u>5,082</u>
TOTAL FINANCIAL ASSETS	<u>11,096,960</u>

Less those unavailable for general expenditure within one year:

Restricted investments	<u>3,712,280</u>
FINANCIAL ASSETS AVAILABLE WITHIN ONE YEAR	<u>\$ 7,384,680</u>

**NOTE R - LONG-TERM DEBT**

Long-term debt as of June 30, 2020 consisted of the following:

SBA Paycheck Protection Program note payable to financial institution, stated interest rate at 1%, forgiven November 2020	<u>\$ 379,260</u>
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**NOTE S - COVID-19 OUTBREAK**

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

**NOTE S - COVID-19 OUTBREAK (CONTINUED)**

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and greatly contributed to instability in financial markets. Because the values of the Organization's individual investments may fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, and related impact on the Organization's results of operations, financial condition, or liquidity cannot be determined at this time.

**NOTE T - SANIBEL SEA SCHOOL ASSETS**

On January 1, 2020, the Foundation assumed the assets and operations of Sanibel Sea School, a not-for-profit corporation with a mission to improve the ocean's future. The two organizations blended their missions, and Sanibel Sea School became the Foundation's Education Department. Under one leadership, the intent is that the Foundation will expand its educational offerings and advocacy outreach. The assumed assets are recorded at the estimated fair value of the assets as of the date of combination and increased net assets without donor restrictions \$2,312,099 on January 1, 2020.

Assets assumed at January 1, 2020 are as follows:

Cash	\$ 433,953
Accounts Receivable	20,356
Inventory	59,424
Prepaid Expenses	50,942
Land	699,512
Buildings	646,010
Motor Water Vehicle	189,571
Equipment	22,812
Improvements	173,784
Other Assets	15,735
	<u><u>\$ 2,312,099</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

**NOTE U - FUNCTIONAL EXPENSES**

The cost of providing program services and supporting activities has been summarized on a functional basis below. Expenses directly attributable to a specific functional activity of the Foundation are reported as expenses of those functional activities.

Land Acquisition Expenses:

	<u>2020</u>	<u>2019</u>
Depreciation	\$ 31,872	\$ 31,521
General office	400	303
Repairs and maintenance	0	4,506
TOTAL LAND ACQUISITION EXPENSES	<u>\$ 32,272</u>	<u>\$ 36,330</u>

Native Landscape and Garden Center Expenses:

	<u>2020</u>	<u>2019</u>
Bank fees	\$ 797	\$ 5,087
Contract labor	18,228	39,754
Depreciation	16,249	6,910
General office	2,763	2,006
Health, dental, life, and disability insurance	32,403	31,691
Insurance	5,993	3,947
Payroll taxes	18,253	17,647
Postage and shipping	48	32
Printing and copying	839	1,221
Program	52,746	81,859
Repairs and maintenance	9,425	7,471
Retirement plan contribution	15,189	15,632
Salaries and wages	226,758	225,335
Supplies and equipment	3,057	0
Telephone	3,520	3,628
Travel and conferences	4,204	0
Utilities	8,841	9,003
Workers' Compensation insurance	3,147	5,510
TOTAL NATIVE LANDSCAPES AND GARDEN CENTER EXPENSES	<u>\$ 422,460</u>	<u>\$ 456,733</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

**NOTE U - FUNCTIONAL EXPENSES (CONTINUED)**

Habitat Management Expenses:

	<u>2020</u>	<u>2019</u>
Contract labor	\$ 6,600	\$ 35,452
Depreciation	89,347	79,387
General office	885	988
Health, dental, life, and disability insurance	26,226	39,001
Insurance	9,436	11,505
Miscellaneous	38	5,476
Payroll taxes	16,659	27,508
Postage and shipping	17	440
Printing and copying	1,002	7,095
Professional fee	50	0
Program	6,856	0
Repairs and maintenance	20,173	29,024
Retirement plan contribution	9,802	17,921
Salaries and wages	206,879	352,142
Supplies and equipment	7,656	38,047
Telephone	4,143	5,169
Travel and conference	2,724	9,840
Utilities	4,540	3,649
Workers' Compensation insurance	2,561	8,278
TOTAL HABITAT MANAGEMENT EXPENSES	<u>\$ 415,594</u>	<u>\$ 670,922</u>



NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

**NOTE U - FUNCTIONAL EXPENSES (CONTINUED)**

Marine Lab Expenses:

	<u>2020</u>	<u>2019</u>
Contract labor	\$ 3,289	\$ 3,472
Depreciation	194,608	143,366
General office	2,045	3,588
Health, dental, life, and disability insurance	36,195	43,777
Insurance	0	18,739
Miscellaneous	24	14,583
Payroll taxes	29,384	28,586
Postage and shipping	1,367	1,029
Printing and copying	175	2,596
Professional fees	63,478	61,207
Program	875	0
Rent	84,000	96,112
Repairs and maintenance	13,560	31,415
Retirement plan contribution	25,955	25,309
Salaries and wages	372,295	367,401
Supplies and equipment	21,062	66,499
Telephone	5,716	8,025
Travel and conference	6,710	5,011
Utilities	5,787	5,499
Workers' Compensation insurance	46,485	50,013
TOTAL MARINE LAB EXPENSES	<u>\$ 913,010</u>	<u>\$ 976,227</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

**NOTE U - FUNCTIONAL EXPENSES (CONTINUED)**

Environmental Education Expenses:

	<u>2020</u>	<u>2019</u>
Bank fees	\$ 1,864	\$ 0
Contract labor	4,755	0
Depreciation	41,938	15,316
General office	6,391	490
Health, dental, life, and disability insurance	38,029	11,057
Miscellaneous expense	62,362	0
Payroll taxes	33,446	17,489
Postage and shipping	1,690	911
Printing and copying	3,872	3,452
Professional fees	40,442	13,165
Program	115,157	54,535
Repairs and maintenance	14,385	0
Retirement plan contribution	27,406	16,073
Salaries and wages	414,222	229,750
Supplies and equipment	16,432	765
Telephone	3,358	997
Travel and conference	8,881	11,842
Utilities	3,161	0
Workers' Compensation insurance	19,852	3,837
TOTAL ENVIRONMENTAL EDUCATION EXPENSES	<u>\$ 857,643</u>	<u>\$ 379,679</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

**NOTE U - FUNCTIONAL EXPENSES (CONTINUED)**

Coastal Wildlife Expenses:

	<u>2020</u>	<u>2019</u>
Contract labor	\$ 16,889	\$ 0
Depreciation	1,101	0
General office	281	0
Health, dental, life, and disability insurance	18,548	0
Miscellaneous	2,947	0
Payroll taxes	18,191	0
Postage and shipping	417	0
Printing and copying	2,746	0
Professional fees	14,176	0
Repairs and maintenance	5,955	0
Retirement plan contribution	13,459	0
Salaries and wages	224,752	0
Supplies and equipment	19,434	0
Travel and conference	3,496	0
Workers' Compensation insurance	2,587	0
TOTAL COASTAL WILDLIFE EXPENSES	<u>\$ 344,979</u>	<u>\$ 0</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

**NOTE U - FUNCTIONAL EXPENSES (CONTINUED)**

General and Administrative Expenses:

	<u>2020</u>	<u>2019</u>
Bank fees	\$ 12,524	\$ 10,633
Contract labor	168,950	187,479
Depreciation	29,960	29,976
General office	9,855	11,463
Health, dental, life, and disability insurance	22,805	10,799
Insurance	104,017	12,021
Investment fees	57,796	108,560
Meals	8,295	0
Memorial	0	2,836
Miscellaneous	44,805	42,859
Payroll taxes	16,657	36,310
Postage and shipping	4,103	4,993
Printing and copying	54,533	33,688
Professional fees	121,721	67,221
Program	9,389	0
Repairs and maintenance	39,881	50,777
Retirement plan contribution	15,919	15,841
Salaries and wages	142,689	339,158
Supplies and equipment	21,308	28,541
Telephone	13,356	12,553
Travel and conference	33,387	39,122
Utilities	21,705	19,959
Workers' Compensation insurance	582	2,633
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 954,237</u>	<u>\$ 1,067,422</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**SANIBEL-CAPTIVA CONSERVATION FOUNDATION, INC.**

June 30, 2020 and 2019

**NOTE U - FUNCTIONAL EXPENSES (CONTINUED)**

Total Expenses:

	<u>2020</u>	<u>2019</u>
Bank fees	\$ 15,185	\$ 15,720
Contract labor	218,711	266,157
Depreciation	405,075	306,476
Fundraising	78,349	149,297
General office	22,620	18,838
Health, dental, life, and disability insurance	174,206	136,325
Insurance	119,446	46,212
Investment expenses	57,796	108,560
Loss on disposition of asset	13,381	9,836
Meals	8,295	0
Memorial	0	2,836
Miscellaneous	110,176	62,918
Payroll taxes	132,590	127,540
Postage and shipping	7,642	7,405
Printing and copying	63,167	48,052
Professional fees	239,867	141,593
Program	185,023	136,394
Rent	84,000	96,112
Repairs and maintenance	103,379	123,193
Retirement plan contributions	107,730	90,776
Salaries and wages	1,587,595	1,513,786
Supplies and equipment	88,949	133,852
Telephone	30,093	30,372
Travel and conferences	59,402	65,815
Utilities	44,034	38,110
Workers' Compensation insurance	75,214	70,271
TOTAL EXPENSES	<u>\$ 4,031,925</u>	<u>\$ 3,746,446</u>