

The Bay Park Conservancy, Inc.

Financial Statements

December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Bay Park Conservancy, Inc.

We have audited the accompanying financial statements of The Bay Park Conservancy, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 Bay Park Conservancy, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Crane & Co. LLP

Sarasota, Florida
October 20, 2020

The Bay Park Conservancy, Inc.

Statement of Financial Position

December 31, 2019

ASSETS

Cash and cash equivalents	\$ 7,587,764
Grant receivable	406,400
Prepaid expenses	<u>2,114</u>
Total assets	<u>\$ 7,996,278</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ <u>231,251</u>
Total current liabilities	<u>231,251</u>
Net assets:	
Without donor restrictions	7,118,627
With donor restrictions	<u>646,400</u>
Total net assets	<u>7,765,027</u>
Total liabilities and net assets	<u>\$ 7,996,278</u>

See accompanying notes to financial statements.

The Bay Park Conservancy, Inc.

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Contributions	\$ 8,308,590	940,000	9,248,590
Investment return	63,372	-	63,372
Other	30	-	30
Subtotal	8,371,992	940,000	9,311,992
 Net assets released from restrictions	 293,600	 (293,600)	 -
 Total public support and revenue	 8,665,592	 646,400	 9,311,992
 Expenses:			
Program services	1,658,074	-	1,658,074
Supporting services:			
General and administrative	51,359	-	51,359
Fundraising	109,892	-	109,892
Total expenses	1,819,325	-	1,819,325
 Change in net assets	 6,846,267	 646,400	 7,492,667
 Net assets - beginning of year	 272,360	 -	 272,360
 Net assets - end of year	 \$ 7,118,627	 646,400	 7,765,027

See accompanying notes to financial statements.

The Bay Park Conservancy, Inc.

Statement of Functional Expenses
Year Ended December 31, 2019

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Phase 1 implementation				
Design and plan consultants	\$ 905,673	-	-	905,673
Other consultants	198,453	-	-	198,453
Construction costs	117,005	-	-	117,005
Maintenance	1,275	-	-	1,275
Personnel				
Compensation and benefits	136,217	30,074	10,614	176,905
Advancement consultant	12,000	12,000	96,000	120,000
Professional services	109,284	-	-	109,284
Communications and outreach	136,115	-	-	136,115
Occupancy	12,134	2,679	946	15,759
Insurance	12,251	2,705	955	15,911
Office and administration	<u>17,667</u>	<u>3,901</u>	<u>1,377</u>	<u>22,945</u>
 Total expenses	 <u>\$ 1,658,074</u>	 <u>51,359</u>	 <u>109,892</u>	 <u>1,819,325</u>

See accompanying notes to financial statements.

The Bay Park Conservancy, Inc.

Statement of Cash Flows

Year Ended December 31, 2019

Cash flows from operating activities:	
Change in net assets	\$ 7,492,667
(Increase) decrease in:	
Grant receivable	(406,400)
Prepaid expenses	(2,114)
Increase (decrease) in:	
Accounts payable	<u>230,897</u>
Total adjustments	<u>(177,617)</u>
Net cash flows from operating activities	<u>7,315,050</u>
Net increase in cash and cash equivalents	7,315,050
Cash and cash equivalents - beginning of year	<u>272,714</u>
Cash and cash equivalents - end of year	<u>\$ 7,587,764</u>

See accompanying notes to financial statements.

The Bay Park Conservancy, Inc.

Notes to Financial Statements

December 31, 2019

Note 1 – Organization:

The Bay Park Conservancy, Inc. (“The Bay”) is a not for profit organization incorporated under the laws of Florida and is a tax-exempt organization under the Internal Revenue Code.

The Bay has signed a long-term partnership with the city of Sarasota that gives The Bay responsibility for planning, developing, and managing a new public park on Sarasota Bay (“The Bay Park”). The Bay is primarily funded from contributions made by individuals and foundations, to be supplemented with public funding in future years. These funds are used for planning and development of the park, and management operations. Expenditures for capital improvements are not capitalized assets of The Bay but are assets of the city of Sarasota.

The Bay’s mission is to design and plan, develop, and ultimately manage a new public park on Sarasota Bay for the city of Sarasota and its community that is financially feasible, operationally viable and environmentally sustainable. Inspired by community recommended guiding principles adopted by the city of Sarasota, The Bay Park will be open and accessible, free and welcoming to everyone...now and for generations to come.

Note 2 – Summary of Significant Accounting Policies:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift or investment income is received, the amount is reported as without donor restrictions. Accordingly, net assets of The Bay and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues, gains (losses), and other support are reported as increases (decreases) in net assets without restrictions unless their use is limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without restrictions. Expirations of restrictions on net assets with restrictions (i.e., the donor-imposed stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

The Bay Park Conservancy, Inc.

Notes to Financial Statements

December 31, 2019

Note 2 – Summary of Significant Accounting Policies – continued:

Income Taxes

The Bay is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to The Bay's tax-exempt purpose is subject to taxation as unrelated business income. For the year ended December 31, 2019 there was no income tax expense from these activities.

The Bay follows the provisions of ASC Topic 740, *Implementation Guidance on Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities* (ASC Topic 740), in conjunction with its adoption of Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (now included in Accounting Standards Codification (ASC) Subtopic 740-10, *Income Taxes – Overall*). The Bay recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Income generated from activities unrelated to the Bay's exempt purpose is subject to tax.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, The Bay considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Contributions

Contributions, which include unconditional promises to give (pledges and grants), are recognized as revenues in the period in which the pledge or cash is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, net of allowances. Conditional promises to give are not recognized until they become unconditional, that is, when the future and uncertain event on which they depend has occurred.

Estimates

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of The Bay are reported as expenses of those functional areas. A portion of administration and other costs that benefit multiple functional areas (indirect costs) have been allocated across programs and other supporting services based on level of effort.

Note 3 – Uninsured Cash Balances:

The Bay maintains its cash balances at financial institutions located in the United States of America. The accounts at the financial institutions are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per customer as of December 31, 2019. There was approximately \$7,528,000 in excess of FDIC limits at December 31, 2019. Subsequent to year end The Bay established brokered certificate of deposit accounts to keep funds below the insured amounts.

The Bay Park Conservancy, Inc.

Notes to Financial Statements

December 31, 2019

Note 4 – Net Assets With Donor Restrictions:

At December 31, 2019, the Bay's net assets with donor restrictions include the following:

Subject to expenditure for specified purpose:

Wetlands, bayou and mangrove restoration	\$	406,400
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Endowments not subject to spending policy and appropriation:

Wetlands, bayou and mangrove restoration		<u>240,000</u>
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Total net assets with donor restrictions	\$	<u>646,400</u>
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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose for the year ended December 31, 2019 as follows:

Satisfaction of purpose restrictions:

Wetlands, bayou and mangrove restoration	\$	<u>293,000</u>
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Note 5 – Endowment:

The Bay's endowment currently consists of funds established for wetlands, bayou and mangrove restoration. Its endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of The Bay has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) 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 Bay retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by FUPMIFA.

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

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

The Bay Park Conservancy, Inc.

Notes to Financial Statements

December 31, 2019

Note 5 – Endowment – continued:

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor intended. There were no deficiencies as of December 31, 2019.

Return Objectives, Risk Parameters and Spending Policy

The Bay is developing investment and spending policies for its current and future endowments. As of December 31, 2019, the funds are conservatively invested in a money market account until such policies are adopted by the Board of Directors.

As of December 31, 2019, endowment net assets consisted of the following:

Wetlands, bayou and mangrove restoration	\$ <u>240,000</u>
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Changes in endowment net assets for the year ended December 31, 2019 are as follows:

Endowment net assets, December 31, 2018	\$ -
Contribution	<u>240,000</u>
Endowment net assets, December 31, 2019	\$ <u><u>240,000</u></u>

Note 6 – Liquidity and Availability:

The Bay manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures. Financial assets available for general expenditure within one year of the balance sheet date, consist of the following:

Cash and cash equivalents	\$ 7,587,764
Grant receivable	<u>406,400</u>
Total financial assets	<u>7,994,164</u>
Donor imposed restrictions:	
Funds subject to purpose restrictions	(406,400)
Endowment	<u>(240,000)</u>
Total financial assets available within one year	\$ <u><u>7,347,764</u></u>

Note 7 – Subsequent Events:

Subsequent events have been evaluated through October 20, 2020, which is the date the financial statements were available to be issued.

The Bay Park Conservancy, Inc.

Notes to Financial Statements

December 31, 2019

Note 7 – Subsequent Events - continued:

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. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on The Bay’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, The Bay is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020 and beyond.