

The Bay Park Conservancy, Inc.

Financial Statements

December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2021, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Bay Park Conservancy, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Bay Park Conservancy, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Bay Park Conservancy, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

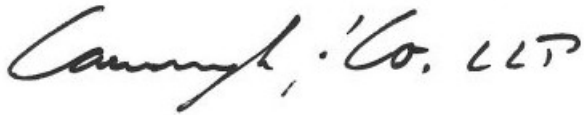
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Bay Park Conservancy, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Bay Park Conservancy, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our 2021 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The summarized schedule of activities and changes in net assets on page 10 is presented for purposes of additional analysis and is not a required part of the financial statements. We previously audited, in accordance with auditing standards generally accepted in the United States of America, The Bay Park Conservancy, Inc.'s 2020 and 2019 financial statements and expressed unmodified opinions on those audited financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the summarized schedule of activities and changes in net assets presented herein for the years ended December 31, 2021, 2020 and 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Cammy, Co. LLP". The signature is written in a cursive, flowing style.

Sarasota, Florida
November 8, 2022

The Bay Park Conservancy, Inc.

Statement of Financial Position

December 31, 2021

ASSETS

Cash and cash equivalents	\$ 6,466,778
Investments	2,586,634
Grants receivable	7,580,125
Prepaid expenses	<u>11,672</u>
Total assets	<u>\$ 16,645,209</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ <u>1,557,742</u>
Total current liabilities	<u>1,557,742</u>
Net assets:	
Without donor restrictions	
Undesignated	12,393,551
Designated for compensation	<u>82,282</u>
Total without donor restrictions	12,475,833
With donor restrictions	<u>2,611,634</u>
Total net assets	<u>15,087,467</u>
Total liabilities and net assets	<u>\$ 16,645,209</u>

See accompanying notes to financial statements.

The Bay Park Conservancy, Inc.

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Contributions	\$ 13,148,634	2,337,788	15,486,422
Local government grants	2,664,503	-	2,664,503
Investment return	9,665	33,846	43,511
Other	46,815	-	46,815
Total public support and revenue	15,869,617	2,371,634	18,241,251
Expenses:			
Program services	11,744,340	-	11,744,340
Supporting services:			
General and administrative	110,890	-	110,890
Fundraising	166,852	-	166,852
Total expenses	12,022,082	-	12,022,082
Change in net assets	3,847,535	2,371,634	6,219,169
Net assets - beginning of year	8,628,298	240,000	8,868,298
Net assets - end of year	\$ 12,475,833	2,611,634	15,087,467

See accompanying notes to financial statements.

The Bay Park Conservancy, Inc.

Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services	General and Administrative	Fundraising	Total
Phase 1 implementation				
Design and plan consultants	\$ 1,561,244	-	-	1,561,244
Other consultants	449,211	-	-	449,211
Construction costs	8,852,002	-	-	8,852,002
Activation	32,102	-	-	32,102
Maintenance	123,861	-	-	123,861
Personnel				
Compensation and benefits	283,653	40,643	91,119	415,415
Advancement consultant	11,358	7,572	56,792	75,722
Professional services	48,000	49,259	-	97,259
Communications and outreach	336,346	-	-	336,346
Occupancy	17,872	5,150	7,270	30,292
Insurance	5,702	1,643	2,320	9,665
Office and administration	22,989	6,623	9,351	38,963
 Total expenses	 \$11,744,340	 110,890	 166,852	 12,022,082

See accompanying notes to financial statements.

The Bay Park Conservancy, Inc.

Statement of Cash Flows

Year Ended December 31, 2021

Cash flows from operating activities:	
Change in net assets	\$ 6,219,169
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Unrealized gain on investments	(15,609)
Endowment fund contributions	(2,312,788)
(Increase) decrease in:	
Grant receivable	(6,278,196)
Prepaid expenses	(10,447)
Increase (decrease) in:	
Accounts payable	<u>766,555</u>
Total adjustments	<u>(7,850,485)</u>
Net cash flows from operating activities	<u>(1,631,316)</u>
Cash flows from investing activities:	
Purchases of investments	<u>(2,571,025)</u>
Net cash flows from investing activities	<u>(2,571,025)</u>
Cash flows from financing activities:	
Endowment fund contributions	<u>2,312,788</u>
Net cash flows from financing activities	<u>2,312,788</u>
Net increase in cash and cash equivalents	(1,889,553)
Cash and cash equivalents - beginning of year	<u>8,356,331</u>
Cash and cash equivalents - end of year	<u>\$ 6,466,778</u>

See accompanying notes to financial statements.

The Bay Park Conservancy, Inc.

Notes to Financial Statements

December 31, 2021

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, 2021

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, 2021 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.

Investments

Investments are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

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.

The Bay Park Conservancy, Inc.

Notes to Financial Statements

December 31, 2021

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, 2021. There were no amounts in excess of FDIC limits at December 31, 2021.

Note 4 – Investments:

The Bay's investments are maintained in a single brokerage account which is comprised of the following as of December 31, 2021:

Money market funds	\$ 2,312,809
Mutual funds	<u>273,825</u>
Total investments	<u>2,586,634</u>

Note 5 – Fair Value Measurements and Disclosures:

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

The Bay's investment carried at fair value consist of the MFS Growth Allocation Fund of \$273,825 and is considered a Level 2 investment.

The Bay Park Conservancy, Inc.

Notes to Financial Statements

December 31, 2021

Note 6 – Net Assets With Donor Restrictions:

At December 31, 2021, the Bay's net assets with donor restrictions include the following:

Subject to expenditure for specified purpose:

Maintenance and upkeep for Phase 1	\$	33,846
Education on diversity and inclusion		<u>25,000</u>
		<u>58,846</u>

Endowments not subject to spending policy and appropriation:

Maintenance and upkeep for Phase 1	2,312,788
Wetlands, bayou and mangrove restoration	<u>240,000</u>
	<u>2,552,788</u>

Total net assets with donor restrictions	\$	<u>2,611,634</u>
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Note 7 – Endowment:

The Bay's endowment currently consists of funds established for purposes described in Note 4. Its endowments include 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, 2021

Note 7 – 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, 2021.

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, 2021, the funds are conservatively invested in a money market account until such policies are adopted by the Board of Directors.

As of December 31, 2021, endowment net assets consisted of the following:

Maintenance and upkeep for Phase 1	\$ 2,312,788
Wetlands, bayou and mangrove restoration	<u>240,000</u>
	\$ <u>2,552,788</u>

Note 8 – 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	\$ 6,466,778
Investments	2,586,634
Grants receivable	<u>7,580,125</u>
Total financial assets	16,633,537
Donor imposed restrictions:	(2,611,634)
Board designated amounts	<u>(82,282)</u>
Total financial assets available within one year	\$ <u>13,939,621</u>

Note 9 – Subsequent Events:

In January 2022, the City of Sarasota was presented with a grant for \$10,418,271 to be utilized by The Bay Park Conservancy for environmental restoration and storm-resistant infrastructure along the park's shoreline. It is estimated that the restoration and infrastructure will be completed over the next four to six years with the City utilizing the grant to reimburse Bay Park Conservancy for the costs incurred related to this resiliency and water quality effort. The scope/negotiation of the final grant agreement is currently in process and expected to be finalized in fall 2022.

Other subsequent events have been evaluated through November 8, 2022, which is the date the financial statements were available to be issued.

The Bay Park Conservancy, Inc.

Summarized Schedules of Activities and Changes in Net Assets

Years Ended and in Total December 31, 2019 through 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Total</u>
Public support and revenue				
Contributions	\$ 15,486,422	5,311,960	9,248,590	30,046,972
Local government grants	2,664,503	1,263,622	-	3,928,125
Investment return	43,511	46,426	63,372	153,309
Other	<u>46,815</u>	<u>33,191</u>	<u>30</u>	<u>80,036</u>
 Total public support and revenue	 <u>18,241,251</u>	 <u>6,655,199</u>	 <u>9,311,992</u>	 <u>34,208,442</u>
Expenses:				
Program services	11,744,340	5,300,565	1,658,074	18,702,979
Supporting services:				
General and administrative	110,890	122,420	51,359	284,669
Fundraising	<u>166,852</u>	<u>128,943</u>	<u>109,892</u>	<u>405,687</u>
Total expenses	<u>12,022,082</u>	<u>5,551,928</u>	<u>1,819,325</u>	<u>19,393,335</u>
 Change in net assets	 <u>6,219,169</u>	 <u>1,103,271</u>	 <u>7,492,667</u>	 <u>14,815,107</u>
 Net assets - beginning of year	 <u>8,868,298</u>	 <u>7,765,027</u>	 <u>272,360</u>	 <u>272,360</u>
 Net assets - end of year	 <u>\$ 15,087,467</u>	 <u>8,868,298</u>	 <u>7,765,027</u>	 <u>15,087,467</u>

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America.