

1000 FRIENDS OF FLORIDA, INC.

FINANCIAL STATEMENTS

Year Ended June 30, 2019

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MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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LUGER & COMPANY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
1000 Friends of Florida, Inc.
Tallahassee, Florida

We have audited the accompanying financial statements of 1000 Friends of Florida, Inc. (a Florida non-profit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2019, 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.

Auditors' 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 1000 Friends of Florida, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the year ended June 30, 2019 in accordance with accounting principles generally accepted in the United States of America.

Thomson Block & Company

Tallahassee, Florida
January 13, 2020

1000 FRIENDS OF FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Cash	\$ 539,335	\$ 433,849
Accounts receivable	116	3,925
Prepaid expenses	11,119	7,697
Property and equipment, net	<u>32,403</u>	<u>7,791</u>
TOTAL ASSETS	\$ <u>582,973</u>	\$ <u>453,262</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	\$ 10,786	\$ 9,126
Accrued annual leave	18,582	17,330
Notes payable	<u>7,533</u>	<u>-</u>
TOTAL LIABILITIES	36,901	26,456
NET ASSETS		
Without donor restrictions	503,398	351,714
With donor restrictions		
Purpose restrictions	<u>42,674</u>	<u>75,092</u>
TOTAL NET ASSETS	<u>546,072</u>	<u>426,806</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>582,973</u>	\$ <u>453,262</u>

See accompanying notes.

1000 FRIENDS OF FLORIDA, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

	2019
NET ASSETS WITHOUT DONOR RESTRICTIONS	
REVENUE, GAINS, AND OTHER SUPPORT	
Contributions	\$ 549,612
Foundation contributions	42,000
Other income	8,800
Investment return	16,795
	617,207
Net assets released from restrictions	122,314
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	
REVENUE, GAINS, AND OTHER SUPPORT	739,521
EXPENSES	
Program services	437,333
Management and general	93,333
Fundraising	57,171
TOTAL EXPENSES	587,837
CHANGE IN NET ASSETS WITHOUT	
DONOR RESTRICTIONS	151,684
NET ASSETS WITH DONOR RESTRICTIONS	
Grant and contract revenue	89,896
Net assets released from restrictions	(122,314)
CHANGE IN NET ASSETS WITH	
DONOR RESTRICTIONS	(32,418)
CHANGE IN NET ASSETS	119,266
BEGINNING NET ASSETS	426,806
ENDING NET ASSETS	\$ 546,072

See accompanying notes.

1000 FRIENDS OF FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	2019			
	Program Services	Management and General	Fundraising	Total
Salaries	\$ 238,339	\$ 34,839	\$ 30,523	\$ 303,701
Professional fees	24,000	29,967	-	53,967
FCC expenses	38,150	-	-	38,150
Printing and copying	26,643	1,346	3,352	31,341
Meals and travel	25,899	2,336	-	28,235
Insurance/health & general	13,464	5,449	4,953	23,866
Payroll taxes	17,156	2,700	2,483	22,339
Postage and freight	5,543	623	7,805	13,971
Website/webinars	10,627	1,144	-	11,771
Rent	7,096	3,041	-	10,137
Pension plan	7,115	540	1,675	9,330
Graphic design expenses	5,516	363	1,157	7,036
Office supplies	2,940	951	2,732	6,623
Dues and subscriptions	2,939	140	1,749	4,828
Seminars and conferences	2,925	1,897	-	4,822
Bank charges	-	4,393	-	4,393
Telephone	2,872	1,199	-	4,071
Repairs & maintenance	2,020	866	742	3,628
Depreciation	1,622	861	-	2,483
Advertising/sponsorship	1,741	113	-	1,854
Equipment rental/storage	706	302	-	1,008
Taxes and licenses	-	261	-	261
Miscellaneous	20	2	-	22
	<u>20</u>	<u>2</u>	<u>-</u>	<u>22</u>
Totals	<u>\$ 437,333</u>	<u>\$ 93,333</u>	<u>\$ 57,171</u>	<u>\$ 587,837</u>

See accompanying notes.

1000 FRIENDS OF FLORIDA, INC.
STATEMENT OF CASH FLOWS
Year Ended June 30, 2019

	2019
CASH FLOW FROM OPERATING ACTIVITIES	
Change in net assets	\$ 119,266
Adjustments to reconcile change in net assets to cash provided	
Depreciation	2,483
Realized and unrealized loss on investments	376
Donated securities	(18,504)
(Increase) decrease in assets:	
Accounts receivable	3,809
Prepaid expenses	(3,422)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	2,912
NET CASH PROVIDED BY OPERATING ACTIVITIES	106,920
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of equipment and software	(27,095)
Proceeds from sale of investments	18,128
NET CASH USED IN INVESTING ACTIVITIES	(8,967)
FINANCING ACTIVITIES	
Borrowing of long-term debt	7,533
NET CASH PROVIDED BY FINANCING ACTIVITIES	7,533
NET INCREASE IN CASH	105,486
CASH AT BEGINNING OF YEAR	433,849
CASH AT END OF YEAR	\$ 539,335
NONCASH ACTIVITIES	
Donated securities	\$ 18,504

See accompanying notes.

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - 1000 Friends of Florida, Inc. (the “Organization”) was incorporated as a not-for-profit corporation in 1986 in the State of Florida. The Organization receives grants and contributions for the purpose of assuring that Florida's growth management laws are effectively implemented in an effort to maintain and improve Florida's quality of life, natural environment, and vibrant communities.

Change in Fiscal Year - In the prior fiscal year, the Board of Directors approved the changing of their fiscal year end from December 31, 2017 to June 30, 2018. As such, the financial statements present the statements of activities and cash flows for the current fiscal year without comparison of the prior six month year end.

Investments - Investments in marketable equity securities with readily determined fair values are stated at fair market value. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Property, Equipment, and Depreciation - Office equipment, software, furniture and fixtures are recorded at cost. Donated property is recorded at fair value at the date of gift. Depreciation is computed based on the straight-line method over a period of five (5) years. The Organization capitalizes purchases of fixed assets above \$1,000 with useful lives greater than one (1) year.

Revenue and Support With and Without Donor Restrictions - Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses - The cost of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain categories of expenses are attributable to program and supporting functions of the Organization. Those expenses have been allocated based on estimates of time and effort.

Income Taxes - The Organization is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes.

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued) - U.S. GAAP requires that a tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

Due to its tax-exempt status, the Organization is not subject to U.S. federal income tax or state income tax. The Organization’s Form 990 has not been subject to examination by the Internal Revenue Service or the State of Florida for the last three (3) years. The Organization does not expect the total amount of unrecognized tax benefits to significantly change in the next twelve (12) months. The Organization recognizes interest and/or penalties related to income tax matters in income tax expense. The Organization did not have any amounts accrued for interest and penalties at June 30, 2019.

Statement of Cash Flows - For the purpose of the statement of cash flows, the Organization considers all checking accounts and interest-bearing money market accounts to be cash equivalents.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 13, 2020, the date the financial statements were available to be issued.

NOTE 2 - ACCOUNTS RECEIVABLE

Amounts recorded as accounts receivable are due within one (1) year and consist of the following:

	2019	2018
Accounts receivable	\$ <u>116</u>	\$ <u>3,925</u>

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of June 30, 2019 and 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one (1) year of the statement of financial position date. However, amounts already appropriated from the donor restrictions for general expenditure within one (1) year of the statement of financial position date have not been subtracted as unavailable.

	<u>2019</u>	<u>2018</u>
Financial assets at year end	\$ 550,570	\$ 445,471
Less those unavailable for general expenditures within one (1) year due to		
Contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	(42,674)	(75,092)
Board designations		
Amounts set aside for liquidity reserve	(<u>228,278</u>)	(<u>227,822</u>)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE (1) YEAR	\$ <u>279,618</u>	\$ <u>142,557</u>

NOTE 4 - INVESTMENTS

Investments in marketable securities consist of the following at June 30, 2019:

	<u>2019</u>		<u>2018</u>	
	<u>Basis</u>	<u>Fair Value</u>	<u>Basis</u>	<u>Fair Value</u>
Marketable equity securities	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -

Investment return for net assets without donor restrictions for the year ended June 30, 2019 consists of the following:

Dividend and interest income	\$ <u>489</u>
Realized loss	(<u>376</u>)
	\$ <u>113</u>

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 5 - PROPERTY AND EQUIPMENT

The amounts and classifications of property and equipment as of June 30, 2019 and 2018 are as follows:

	Useful Lives	2019	2018
Equipment	5years	\$ 57,019	\$ 39,174
Accumulated depreciation		(24,616)	(31,383)
		\$ 32,403	\$ 7,791

Depreciation expense for the year ended June 30, 2019 amounted to \$2,483.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2019 and 2018 consist of the following:

	2019	2018
Subject to expenditure for specific purpose:		
Foundation and corporate grants available for use after June 30, 2019 and 2018	\$ 42,674	\$ 75,092

NOTE 7 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year ended June 30, 2019, assets were released from donor restrictions by incurring expenses, satisfying the restricted purpose, or by occurrence of other events specified by donors.

	2019
Purpose restrictions accomplished:	
Foundation and corporate grants	\$ 122,314

NOTE 8 - BOARD DESIGNATED RESERVE FUND

On September 12, 2000, the Board of Directors formally adopted the establishment and maintenance of the Designated Reserve Fund for the purpose of covering shortfalls in operating cash flows and funding of unforeseen contingencies. This reserve fund represents the Board's designated use of unrestricted assets for management purposes only. Designated contributions for the reserve fund are budgeted annually and funded monthly. Investment income earned from the reserve fund is also designated to the reserve fund. Management's use of the reserve fund is restricted by authorization from the Treasurer in the event of temporary cash flow deficiencies and the Executive Committee for funding certain projects deemed necessary by management. As of June 30, 2019 and 2018, the Designated Reserve Fund amounted to \$228,278 and \$227,822, respectively.

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 9 - EMPLOYEE BENEFITS

The organization offers its employees a deferred compensation plan qualified in accordance with the Internal Revenue Code. The plan, available to all full-time employees of the Organization, permits employees to defer a portion of their current salaries. All contributions are made to the plan by employees whereby the funds are invested in deferred insurance annuity contracts.

On February 1, 1998, the Organization adopted a 401(k) profit sharing plan that covers substantially all employees who have attained the age of twenty-one (21) and have completed six (6) months of service. Employees are fully vested after three (3) years of service. Employer contributions and fees to this plan amounted to \$9,330 for the year ended June 30, 2019. Contributions, based on a percentage of compensation, are at the discretion of the Board of Directors. Eligible employees may defer up to 20% of their annual salary, not to exceed \$18,000 annually. Plan participants self-direct the deferred contributions among various investment alternatives provided by the plan trustee.

NOTE 10 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balance at financial institutions located in Tallahassee, Florida. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 for each financial institution. As of June 30, 2019 and 2018, the Organization had an uninsured cash balance of \$61,832 and \$0, respectively.

NOTE 11 – NOTES PAYABLE

	2019	2018
Note payable to Wells Fargo; interest at 1.316% per annum payable in monthly payments of \$129.71 including principal and interest; matures June 2024; collateralized by copier.	\$ <u>7,533</u>	\$ <u>-</u>

Maturities for long-term debt consist of the following:

Years ending June 30, 2020	\$ 1,471
2021	1,486
2022	1,505
2023	1,525
Thereafter	<u>1,546</u>
	\$ <u>7,533</u>