

The Bay Park Conservancy, Inc.

Financial Statements

December 31, 2023

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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, 2023, 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, 2023, 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.

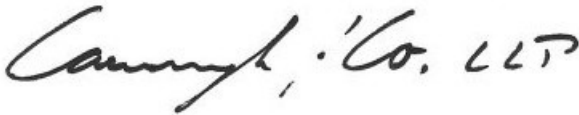
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 2023 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 11 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 2022, 2021, 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, 2023, 2022, 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
April 24, 2024

The Bay Park Conservancy, Inc.

Statement of Financial Position

December 31, 2023

ASSETS

Cash and cash equivalents	\$ 2,361,272
Investments	5,005,934
Grants receivable	1,381,659
Pledges receivable	76,227
Other receivables	23,675
Prepaid expenses	22,726
Property and equipment, net	<u>43,657</u>
 Total assets	 <u>\$ 8,915,150</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 1,120,004
Accrued expenses	125,912
Deferred revenue	29,635
Deposits	<u>50,147</u>
Total liabilities	<u>1,325,698</u>
 Net assets:	
Without donor restrictions	
Undesignated	2,327,560
Designated for endowment	<u>2,405,712</u>
Total without donor restrictions	<u>4,733,272</u>
With donor restrictions	<u>2,856,180</u>
Total net assets	<u>7,589,452</u>
 Total liabilities and net assets	 <u>\$ 8,915,150</u>

See accompanying notes to financial statements.

The Bay Park Conservancy, Inc.

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Contributions	\$ 3,933,952	522,647	4,456,599
Local government grants	8,943,988	-	8,943,988
Investment return	115,657	126,698	242,355
Other	44,769	-	44,769
Subtotal	13,038,366	649,345	13,687,711
Net assets released from restrictions	686,891	(686,891)	-
Total public support and revenue	13,725,257	(37,546)	13,687,711
Expenses:			
Program services	4,718,836	-	4,718,836
Supporting services:			
General and administrative	470,885	-	470,885
Fundraising	185,202	-	185,202
Total expenses	5,374,923	-	5,374,923
Change in net assets	8,350,334	(37,546)	8,312,788
Net assets - beginning of year	(3,617,062)	2,893,726	(723,336)
Net assets - end of year	\$ 4,733,272	2,856,180	7,589,452

See accompanying notes to financial statements.

The Bay Park Conservancy, Inc.

Statement of Functional Expenses

Year Ended December 31, 2023

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Phase 1 and 2 implementation				
Design and plan consultants	\$ 1,581,036	-	-	1,581,036
Construction costs	1,218,896	-	-	1,218,896
Activation and programming	304,669	-	-	304,669
Operations	511,924	-	-	511,924
Communications and outreach	171,230	-	-	171,230
Fundraising	-	-	26,977	26,977
Administration	72,378	194,786	12,460	279,624
Personnel	852,653	263,365	145,765	1,261,783
Interest and financing	-	12,734	-	12,734
Depreciation	<u>6,050</u>	<u>-</u>	<u>-</u>	<u>6,050</u>
 Total expenses	 <u>\$ 4,718,836</u>	 <u>470,885</u>	 <u>185,202</u>	 <u>5,374,923</u>

See accompanying notes to financial statements.

The Bay Park Conservancy, Inc.

Statement of Cash Flows

Year Ended December 31, 2023

Cash flows from operating activities:	
Change in net assets	\$ 8,312,788
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Unrealized gain on investments	(72,087)
Depreciation expense	6,050
Endowment fund contributions	(17,136)
(Increase) decrease in:	
Grant receivable	(1,381,659)
Pledges receivable	44,523
Other receivables	(23,675)
Prepaid expenses	(11,497)
Increase (decrease) in:	
Accounts payable	(2,190,911)
Accrued expenses	79,097
Deferred revenue	29,635
Deposits	50,147
Total adjustments	<u>(3,487,513)</u>
Net cash flows from operating activities	<u>4,825,275</u>
Cash flows from investing activities:	
Purchase of property and equipment	(49,707)
Proceeds from sale of investments	130,000
Purchases of investments	<u>(2,490,323)</u>
Net cash flows from investing activities	<u>(2,410,030)</u>
Cash flows from financing activities:	
Payments on line of credit	(2,635,462)
Endowment fund contributions	<u>17,136</u>
Net cash flows from financing activities	<u>(2,618,326)</u>
Net decrease in cash and cash equivalents	(203,081)
Cash and cash equivalents - beginning of year	<u>2,564,353</u>
Cash and cash equivalents - end of year	<u>\$ 2,361,272</u>

See accompanying notes to financial statements.

The Bay Park Conservancy, Inc.

Notes to Financial Statements

December 31, 2023

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 agreement with the city of Sarasota that gives The Bay responsibility for planning, developing, activating, and managing a new public park on Sarasota Bay (“The Bay Park”). The Bay operations are funded from contributions made by individuals, business partners and foundations while the capital expansion of The Bay Park is supported by city of Sarasota bond revenues and local and federal government grants. Expenditures for capital improvements are not capitalized assets of The Bay but instead are assets of the city of Sarasota.

The Bay’s mission is to design and plan, develop, and 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 the rich diversity of the community, 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, 2023

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, 2023 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.

Contributed Nonfinancial Goods and Services

The Organization's policy is to recognize contributed professional services if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets and materials are recognized at fair value when received. The organization does not sell donated in-kind gifts.

Professional services are valued at estimated fair value based on current rates for similar professional services. Tangible assets are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of contribution.

The Bay Park Conservancy, Inc.

Notes to Financial Statements

December 31, 2023

Note 2 – Summary of Significant Accounting Policies – continued:

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, 2023. Balances in these accounts may, from time to time, exceed the insured levels. Management considers the risk minimal.

Note 4 – Investments:

The Bay's investments are maintained in a single brokerage account which is comprised of the following as of December 31, 2023:

Money market funds	\$ 3,678,363
MFS Growth Allocation Fund	273,198
Total Bond Market Index	51,970
Intermediate Term Investment Grade	104,599
Short term Federal	101,701
Total International Stock Index	318,081
Total Stock Market Index	478,022
Total investments	<u>5,005,934</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:

The Bay Park Conservancy, Inc.

Notes to Financial Statements

December 31, 2023

Note 5 – Fair Value Measurements and Disclosures - continued:

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.

<u>Description</u>	Financial Assets at Fair Value on a Recurring Basis at Reporting Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
MFS Growth Allocation Fund	\$ 273,198	273,198	-	-
Total Bond Market Index	51,970	51,970	-	-
Intermediate Term Investment Grade	104,599	104,599	-	-
Short Term Federal	101,701	101,701	-	-
Total International Stock Index	318,081	318,081	-	-
Total Stock Market Index	478,022	478,022	-	-
Total financial assets	\$ 1,327,571	1,327,571	-	-

Note 6 – Line of Credit:

The Bay entered into a Program Related Investment Loan Agreement (“Loan Agreement”) with Gulf Coast Community Foundation, Inc. in October 2022 and amended in August 2023, which includes a \$500,000 revolving line of credit. Interest only payments, at 1.5%, are due quarterly through the maturity date of December 31, 2025, at which time all outstanding principal and interest is due. Collateral includes assignment of Tax Increment Financing, Contract Documents, Development Rights, Pledges and Security Agreement. Terms of the Loan Agreement include a limitation of further debt and other financial and nonfinancial covenants. Management believes The Bay is in compliance with all terms of the Loan Agreement.

There was no amount owed under the line of credit at December 31, 2023.

The Bay Park Conservancy, Inc.

Notes to Financial Statements

December 31, 2023

Note 7 – Net Assets With Donor Restrictions:

At December 31, 2023, the Bay's net assets with donor restrictions include the following:

Subject to expenditure for specified purpose:	
Activation and programming	\$ 257,165
Accumulated endowment earnings	6,698
Anniversary	8,793
	<u>272,656</u>
Endowments not subject to spending policy and appropriation:	
Maintenance and upkeep for Phase 1	2,353,524
Wetlands, bayou and mangrove restoration maintenance and upkeep	240,000
	<u>2,593,524</u>
Total net assets with donor restrictions	\$ <u>2,856,180</u>

Note 8 – Endowment:

The Bay's endowment currently consists of funds established for purposes described in Note 4 and also board designated funds. 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, 2023

Note 8 – 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, 2023.

Return Objectives, Risk Parameters and Spending Policy

As an initial broad investment policy and best practice for a startup nonprofit organization of its size, The Bay endowment funds will be invested 80% in equities (50% in U.S. and 30% in foreign) and 20% in fixed income via broad Vanguard ETF index funds. However, due to the volatility of the equities market and uncertainties surrounding interest rates in 2023, the Finance Committee decided that upon transfer to Vanguard all funds would initially be placed in a money market fund with monthly transfers of \$500k to appropriately selected ETFs at the predetermined percentages. This policy of a more gradual entrance into ETFs was determined to be the best method to mitigate risk at this time and satisfy the objective of providing perpetual financial support for The Bay.

At the beginning of 2023, the Board approved a 5% withdrawal policy based upon an endowment value of approximately \$2.6m at that point in time. This amount was withdrawn quarterly and was intended to be used by The Bay to repair, maintain or improve the existing park. As The Bay was a startup, the Board took a less complex approach to its initial endowment spending rate policy. The Finance Committee will be reviewing alternative spending rate policies such as moving average or inflation-based methods and will propose a move to one of these methods (or a hybrid) once the endowment reaches the \$10m level.

As of December 31, 2023, endowment net assets consisted of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board designated endowment funds	\$ 2,405,712	-	2,405,712
Donor restricted endowment funds	-	2,600,762	2,600,762
Total funds	\$ 2,405,712	2,600,762	5,005,934

Activity in the endowment funds for the year ended December 31, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	2,576,388	2,576,388
Contributions	2,400,000	17,136	2,417,136
Investment income	15,712	126,698	142,410
Appropriations of endowment assets for expenditure	(10,000)	(120,000)	(130,000)
Endowment net assets, end of year	\$ 2,405,712	2,600,222	5,005,934

The Bay Park Conservancy, Inc.

Notes to Financial Statements

December 31, 2023

Note 9 - 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	\$ 2,361,272
Investments	5,005,934
Receivables	<u>1,481,561</u>
Total financial assets	8,848,767
Donor imposed restrictions:	(2,856,180)
Board designated amounts	<u>(2,405,712)</u>
Total financial assets available within one year	\$ <u>3,586,875</u>

Note 10 – Concentrations:

In December 2020, an interlocal agreement between the City and County of Sarasota was approved to provide funding of capital improvements of The Bay using tax increment revenues. The agreement established the Bay Park Improvement Board which is responsible for the review and approval of all proposed capital project budgets. Funding comes from the issuance of \$48 million in bonds backed by the revenue collected through a tax-increment financing (TIF) mechanism. TIF is a value capture revenue tool that uses taxes on future gains in real estate values to pay for infrastructure improvements. Proceeds from the bonds will be used to partially fund Phase 2 of the Master Plan with an estimated total cost of \$65 million. The agreement expires in December 2049 with provisions for early termination.

In 2023, The Bay received \$8,596,988 of funding from the City of Sarasota under this agreement.

Forty four percent of the Bay's expenses are for project management and consulting services provided by two vendors.

Note 11 – Subsequent Events:

Subsequent events have been evaluated through April 24, 2024, which is the date the financial statements were available to be issued.