1000 FRIENDS OF FLORIDA, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended December 31, 2012

C O N T E N T S

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CERTIFIED PUBLIC ACCOUNTANTS

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OF COUNSEL
W. FREDERICK THOMSON, C.P.A.

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying, financial statement of 1000 Friends of Florida, Inc. (a Florida non-profit organization), which comprises the statement of financial position as of December 31, 2012 and the related statements of activities 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.

Auditors' 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 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 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.

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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 December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Thomson Brock Luger & Company

October 9, 2013

1000 FRIENDS OF FLORIDA, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2012

ASSETS

Cash	$	433,205
Certificate of deposit		203,335
Accounts receivable		34
Investments		8,706
Prepaid expenses		7,640
Property and equipment, net		13,012
	$	665,932

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	$	17,690
Accrued annual leave		33,306
Capital lease obligation		2,247
		53,243
Net Assets		
Unrestricted		510,185
Temporarily restricted		102,504
		612,689
	$	665,932

See accompanying notes.

1000 FRIENDS OF FLORIDA, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2012

UNRESTRICTED NET ASSETS REVENUE, GAINS AND OTHER SUPPORT	
Contributions	$ 158,821
Grant contract revenue	122,160
Foundation contributions	117,365
Other income	5,507
Investment return	3,156
	407,009
Net assets released from restrictions	350,697
	757,706
EXPENSES	
Program services	621,597
Management and general	45,137
Fund raising	30,708
Total expenses	697,442
CHANGE IN UNRESTRICTED NET ASSETS	60,264
TEMPORARILY RESTRICTED NET ASSETS	
Grant contract revenue	201,506
Net assets released from restrictions	(350,697)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(149,191)
CHANGE IN NET ASSETS	(88,927)
BEGINNING NET ASSETS	701,616
ENDING NET ASSETS	$ 612,689

See accompanying notes.

1000 FRIENDS OF FLORIDA, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$(88,927)
Adjustments to reconcile change in net assets to cash used in operating activities:	
Depreciation	3,036
Realized loss on investments	144
Donated securities	(20,810)
(Increase) decrease in assets:	
Accounts receivable	37,821
Prepaid expenses	(3,455)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	13,157
NET CASH USED IN OPERATING ACTIVITIES	(59,034)
CASH FLOWS FROM INVESTING ACTIVITIES	
Net purchase of certificate of deposit	(413)
Purchase of equipment and software	(1,635)
Proceeds from sale of investments	11,960
NET CASH PROVIDED BY INVESTING ACTIVITIES	9,912
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of capital lease obligation	(3,420)
NET CASH USED IN FINANCING ACTIVITIES	(3,420)
NET DECREASE IN CASH	(52,542)
CASH AT BEGINNING OF YEAR	485,747
CASH AT END OF YEAR	$ 433,205
NONCASH INVESTING ACTIVITIES	
Donated stock	$ 20,810

See accompanying notes.

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.

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, 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 to seven years.

Restricted and Unrestricted Revenue and Support - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Service or the state of Florida for the last three years. The Organization does not expect the total amount of unrecognized tax benefits to significantly change in the next 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 December 31, 2012.

Statement of Cash Flows - For the purpose of the statement of cash flows, the Organization considers all checking accounts, money market accounts, and highly liquid investments with an original maturity of three months or less 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 October 9, 2013, the date the financial statements were available to be issued.

NOTE 2 - INVESTMENTS

Investments in marketable securities consist of the following at December 31, 2012:

	Basis	Fair Value
Marketable equity securities	$ 8,706	$ 8,706

Fair market values of investments held are determined under the fair value hierarchy guidance established by the Financial Accounting Standards Board. As of December 31, 2012 and 2011, all investments held met Level 1 input measures which consist of quoted prices for identical assets or liabilities in active markets the Institute has the ability to access as of the measurement date.

Investment return for unrestricted net assets for the year ended December 31, 2012, consist of the following:

Dividend and interest income	$ 3,300
Realized gains (losses)	(144)
	$ 3,156

NOTE 3 - PROPERTY AND EQUIPMENT

The amounts and classifications of property and equipment as of December 31, 2012 are as follows:

	Useful Lives	
Equipment	5	$ 32,413
Furniture and fixture	5-7	620
		33,033
Accumulated depreciation and amortization		(20,021)
		$ 13,012

Depreciation expense for the year ended December 31, 2012 amounted to $3,036.

NOTE 4 – CAPITAL LEASE OBLIGATION

Capital lease obligation at December 31, 2012 consisted of the following:

Copier lease obligation to Office Business Systems with imputed interest at 15.22%; monthly payments of principal and interest in the amount of $338; maturing July 2013; collateralized by RICOH MPC4000SPF Copier.	$ 2,247

Minimum future lease payments under a capital lease for the fiscal year ending December 31, 2013:

Total minimum payments	$ 2,363
Less amounts representing interest	(116)
	$ 2,247

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following periods:

Foundation and Governmental Grants available for use after December 31, 2012.	$ 102,504

NOTE 6 - 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 anticipated 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 December 31, 2012, the Designated Reserve Fund amounted to $334,733.

NOTE 7 - EMPLOYEE BENEFITS

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 months of service. Employees are fully-vested after three years of service. Employer contributions and fees to this plan amounted to $25,781 for the year ended December 31, 2012. Contributions, based on a percentage of compensation, are at the discretion of the Board of Directors. Eligible employees may defer up to twenty percent (20%) of their annual salary, not to exceed $15,500 for year ended December 31, 2012. Plan participants self-direct the deferred contributions among various investment alternatives provided by the plan trustee.

NOTE 8 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances at a financial institution located in Tallahassee, Florida. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. As of December 31, 2012, the Organization did not have any uninsured cash balances.

NOTE 9 – CONTINGENCIES

In 2008, the Organization along with two other environmental organizations appealed two comprehensive plan amendments in Martin County. In 2010, the First District Court of Appeals determined that the groups did not have the right or standing to file the appeal, as such the court issued sanctions to the organizations to pay the attorney fees over the appeal. The Organizations are negotiating the potential liability which cannot be determined at this time. However, it is reasonable to estimate as of the report date that the Organization's contingent liability will range between $0 and $23,333.

SUPPLEMENTARY INFORMATION

TBL
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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of 1000 Friends of Florida, Inc., as of and for the year ended December 31, 2012, and have issued our report thereon dated October 9, 2013, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The detailed schedule of functional expenses is presented for the purposes of additional analysis and is not a required part of the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Thomson Brock Luger & Company

October 9, 2013

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1000 FRIENDS OF FLORIDA
SCHEDULES OF FUNCTIONAL EXPENSES
Year Ended December 31, 2012

	Program Services	Management and General	Fund Raising	Total
Salaries	$ 398,207	$ 8,221	$ 22,488	$ 428,916
Consulting fees and services	44,425	-	-	44,425
Insurance/health & general	35,166	2,944	45	38,155
Payroll taxes	30,463	338	1,720	32,521
Pension plan	25,099	682	-	25,781
Professional fees	5,150	15,690	-	20,840
Printing and copying	14,112	606	160	14,878
Graphic design expenses	14,269	-	-	14,269
Meals and travel	12,250	-	135	12,385
Telephone	8,108	4,120	5	12,233
Dues & subscriptions	9,371	125	995	10,491
Rent	6,204	2,659	-	8,863
Seminars and conferences	6,097	-	-	6,097
Repairs & maintenance	4,605	-	481	5,086
Advertising/sponsorships	900	310	3,172	4,382
Postage and freight	2,300	843	1,044	4,187
Office supplies	1,884	2,079	-	3,963
Equipment rental/storage	2,926	-	463	3,389
Depreciation	-	3,036	-	3,036
Bank charges	-	2,450	-	2,450
Interest	-	670	-	670
Taxes & licenses	61	364	-	425
	$ 621,597	$ 45,137	$ 30,708	$ 697,442

See independent auditors' report on supplementary information.