

1000 FRIENDS OF FLORIDA, INC.
FINANCIAL STATEMENTS



For the Years Ended June 30, 2023 and 2022

CARROLL and COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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CARROLL and COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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FREDERICK CARROLL III
FOUNDER (RETIRED)

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of 1000 Friends of Florida, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 1000 Friends of Florida, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 1000 Friends of Florida, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 1000 Friends of Florida, 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 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 1000 Friends of Florida, 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 1000 Friends of Florida, Inc.'s ability to continue as a going concern for a reasonable period of time.

To the Board of Directors
1000 Friends of Florida, Inc.
Page Three

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.

Carroll and Company

February 7, 2023

1000 FRIENDS OF FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

ASSETS

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 424,201	\$ 553,048
Grant receivable	10,500	-0-
Prepaid expenses	16,699	14,671
Right of use asset – finance lease	1,381	-0-
Cash and cash equivalents designated for reserve	415,433	401,574
Investments designated for reserve	1,916,733	1,260,254
Property and equipment, net	<u>6,327</u>	<u>18,143</u>
TOTAL ASSETS	<u>\$ 2,791,274</u>	<u>\$ 2,247,690</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 51,785	\$ 30,470
Due to beneficiaries under agency transactions	61,021	14,351
Capital lease payable	-0-	3,198
Lease liability – finance lease, net of unamortized discount	<u>1,418</u>	<u>-0-</u>
TOTAL LIABILITIES	<u>114,224</u>	<u>48,019</u>

NET ASSETS

Without donor restrictions		
Board designated	2,332,166	1,661,828
Undesignated	<u>327,489</u>	<u>501,843</u>
	2,659,655	2,163,671

With donor restrictions

Purpose restricted	<u>17,395</u>	<u>36,000</u>
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TOTAL NET ASSETS	<u>2,677,050</u>	<u>2,199,671</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,791,274</u>	<u>\$ 2,247,690</u>
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1000 FRIENDS OF FLORIDA, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2023 and 2022

2023

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and contributions	\$ 1,265,225	\$ 9,538	\$ 1,274,763
Other income	5,954	-0-	5,954
Investment return, net	97,341	-0-	97,341
Net assets released from restrictions	<u>28,143</u>	<u>(28,143)</u>	<u>-0-</u>
TOTAL REVENUE AND SUPPORT	<u>1,396,663</u>	<u>(18,605)</u>	<u>1,378,058</u>
EXPENSES			
Program services	685,939	-0-	685,939
Management and general	113,492	-0-	113,492
Fundraising	<u>95,308</u>	<u>-0-</u>	<u>95,308</u>
TOTAL EXPENSES	<u>894,739</u>	<u>-0-</u>	<u>894,739</u>
CHANGE IN NET ASSETS	<u>501,924</u>	<u>(18,605)</u>	<u>483,319</u>
CUMMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(5,940)	-0-	(5,940)
NET ASSETS, BEGINNING OF YEAR	<u>2,163,671</u>	<u>36,000</u>	<u>2,199,671</u>
NET ASSETS, END OF YEAR	<u>\$ 2,659,655</u>	<u>\$ 17,395</u>	<u>\$ 2,677,050</u>

See accompanying notes.

1000 FRIENDS OF FLORIDA, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
For the Years Ended June 30, 2023 and 2022

2022

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and contributions	\$ 1,087,071	\$ 18,000	\$ 1,105,071
Other income	17,837	-0-	17,837
Investment return, net	(167,682)	-0-	(167,682)
Net assets released from restrictions	<u>8,153</u>	<u>(8,153)</u>	<u>-0-</u>
TOTAL REVENUE AND SUPPORT	<u>945,379</u>	<u>9,847</u>	<u>955,226</u>
EXPENSES			
Program services	542,604	-0-	542,604
Management and general	97,600	-0-	97,600
Fundraising	<u>73,283</u>	<u>-0-</u>	<u>73,283</u>
TOTAL EXPENSES	<u>713,487</u>	<u>-0-</u>	<u>713,487</u>
CHANGE IN NET ASSETS	<u>231,892</u>	<u>9,847</u>	<u>241,739</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,931,779</u>	<u>26,153</u>	<u>1,957,932</u>
NET ASSETS, END OF YEAR	<u>\$ 2,163,671</u>	<u>\$ 36,000</u>	<u>\$ 2,199,671</u>

See accompanying notes.

1000 FRIENDS OF FLORIDA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2023 and 2022

2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 360,326	\$ 81,150	\$ 30,276	\$ 471,752
Professional fees	113,119	5,565	2,076	120,760
Employee benefits	36,048	7,080	9,399	52,527
Printing and copying	20,389	811	27,669	48,869
Payroll taxes	27,477	6,139	2,275	35,891
Meals and travel	33,673	1,495	151	35,319
Postage and freight	12,474	332	19,233	32,039
Graphic design	14,607	259	677	15,543
Office rent	9,789	2,205	823	12,817
Dues and subscriptions	10,571	825	-0-	11,396
Webinars	9,696	-0-	-0-	9,696
Miscellaneous	7,763	962	332	9,057
Bank fees	4,341	2,837	347	7,525
Telephone	4,638	1,045	390	6,073
Supplies	4,699	396	769	5,864
Repair and maintenance	4,265	961	358	5,584
Depreciation and amortization	3,239	729	272	4,240
Insurance	3,111	701	261	4,073
Website	3,414	-0-	-0-	3,414
Donations and sponsorships	<u>2,300</u>	<u>-0-</u>	<u>-0-</u>	<u>2,300</u>
TOTAL	<u>\$ 685,939</u>	<u>\$ 113,492</u>	<u>\$ 95,308</u>	<u>\$ 894,739</u>

1000 FRIENDS OF FLORIDA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
For the Years Ended June 30, 2023 and 2022

2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 311,762	\$ 67,934	\$ 28,317	\$ 408,013
Professional fees	64,931	4,757	1,983	71,671
Employee benefits	32,912	8,754	6,088	47,754
Payroll taxes	24,496	5,331	1,545	31,372
Postage and freight	10,561	276	17,521	28,358
Printing and copying	15,394	178	7,892	23,464
Meals and travel	17,988	841	53	18,882
Supplies	4,029	529	6,661	11,219
Office rent	7,954	1,733	723	10,410
Webinars	8,846	-0-	-0-	8,846
Depreciation	5,657	1,233	513	7,403
Bank fees	4,042	2,786	368	7,196
Graphic design	6,251	167	-0-	6,418
Dues and subscriptions	5,683	360	134	6,177
Telephone	4,646	1,012	422	6,080
Repair and maintenance	4,367	952	397	5,716
Donations and sponsorships	5,250	-0-	-0-	5,250
Website	2,959	-0-	-0-	2,959
Insurance	2,064	450	188	2,702
Miscellaneous	1,788	84	385	2,257
Equipment rental	<u>1,024</u>	<u>223</u>	<u>93</u>	<u>1,340</u>
TOTAL	<u>\$ 542,604</u>	<u>\$ 97,600</u>	<u>\$ 73,283</u>	<u>\$ 713,487</u>

1000 FRIENDS OF FLORIDA, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 483,319	\$ 241,739
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,240	7,403
Noncash contributions	(10,999)	-0-
Realized gain on investments	(14,203)	(25,052)
Unrealized (gain) loss on investments	(65,317)	199,849
Cumulative effect of change in accounting principle	(55)	-0-
(Increase) decrease in:		
Accounts receivable	-0-	1,080
Grant receivable	(10,500)	-0-
Prepaid expenses	(2,028)	(2,737)
Increase (decrease) in:		
Accounts payable and accrued expenses	21,315	945
Due to beneficiaries under agency transactions	46,670	14,351
Lease liability – finance lease	(1,470)	-0-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>450,972</u>	<u>437,578</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-0-	(6,755)
Purchase of investments	(601,885)	(269,081)
Proceeds from sale of investments	35,925	83,483
NET CASH USED IN INVESTING ACTIVITIES	<u>(565,960)</u>	<u>(192,353)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease payable	-0-	(1,505)
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND DESIGNATED CASH	<u>(114,988)</u>	<u>243,720</u>
CASH, CASH EQUIVALENTS, AND DESIGNATED CASH BEGINNING OF YEAR	<u>954,622</u>	<u>710,902</u>
CASH, CASH EQUIVALENTS, AND DESIGNATED CASH END OF YEAR	<u>\$ 839,634</u>	<u>\$ 954,622</u>

See accompanying notes.

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Nature of the Organization

The 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.

Basis of Accounting

The Organization's financial statements are presented on the accrual basis of accounting.

Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America, the Organization is required to report information regarding its financial position and activities according to the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. As of June 30, 2023 and 2022, the governing board had designated, from net assets without donor restrictions, net assets for a reserve fund.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) 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.

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. Actual results may differ from those estimates.

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents, and Restricted Cash

For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

The following table provides a reconciliation of cash, cash equivalents, and designated cash reported within the statements of cash flows to the sum of the corresponding amounts within the statements of financial position:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 424,201	\$ 553,048
Cash and cash equivalents designated for reserve	<u>415,433</u>	<u>401,574</u>
Total cash, cash equivalents and designated cash	<u>\$ 839,634</u>	<u>\$ 954,622</u>

Investments

The Organization carries its investments at their fair values in the accompanying statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Property and Equipment

Property and equipment purchases are recorded at cost. Additions, improvements, and other capital outlays that exceed a threshold established by management and significantly extend the useful life of an asset are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Leases

The Organization determines if an arrangement is or contains a lease at inception. If material, leases are included in right of use (ROU) assets and lease liabilities in the statements of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less) and immaterial leases. Instead, the lease payments of these leases are reported on a straight-line basis over the lease term.

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition

Revenue from other income is recognized when the services have been performed.

Revenue received in advance of the period in which it is earned is deferred to subsequent years. Deferred revenues are recognized as income at the later of either the date collected or on the day the performance obligation has been fulfilled.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Unconditional promises to give are recognized as revenue in the period received.

Conditional grants and contributions are recognized as revenue when the conditions on which they depend have been substantially met. Amounts received in excess of revenue recognized under conditional grants and contributions are reflected as refundable advances in the accompanying statements of financial position.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been presented on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain expenses have been allocated among program services, management and general, and fundraising classifications based on management's assessment of staff time.

Income Tax

The Organization is a nonprofit corporation, which is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. There was no federal income tax expense on unrelated business income for the years ended June 30, 2023 and 2022.

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2023

NOTE B – FAIR VALUE MEASUREMENTS

The Organization follows the Financial Accounting Standards Board's Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* (ASC 820). ASC 820 establishes a common definition for fair value to be applied to U.S. generally accepted accounting principles requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. This standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (or exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. These include quoted prices of similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2023

NOTE B – FAIR VALUE MEASUREMENTS *(Continued)*

The following table presents the financial instruments carried at fair value as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 928,215	–	–	\$ 928,215
Certificates of deposit	\$ 565,811	–	–	565,811
Equities	\$ 422,707	–	–	422,707
			TOTAL	\$ 1,916,733

The following table presents the financial instruments carried at fair value as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 893,181	–	–	\$ 893,181
Equities	\$ 367,073	–	–	367,073
			TOTAL	\$ 1,260,254

The fair value of financial instruments including cash and cash equivalents, grant receivable, prepaid expenses, right of use asset, accounts payable and accrued expenses, due to beneficiaries under agency transactions, capital lease payable, and lease liability approximates carrying value, principally because of the short maturity of those items.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value as of the reporting date.

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2023

NOTE C – INVESTMENTS

Investments are stated at fair market value and consist of mutual funds, certificates of deposit, and equities. Fair market values and unrealized appreciation (depreciation) as of June 30 are summarized as follows:

	2023			2022		
	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Mutual funds	\$1,007,211	\$ 928,215	\$ (78,996)	\$ 992,171	\$ 893,181	\$ (98,990)
Certificates of deposit	567,000	565,811	(1,189)	-0-	-0-	-0-
Equities	377,020	422,707	45,687	371,754	367,073	(4,681)
TOTAL	\$1,951,231	\$1,916,733	\$ (34,498)	\$1,363,925	\$1,260,254	\$ (103,671)

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended June 30:

	2023	2022
Investment income, net	\$ 17,821	\$ 7,115
Net realized and unrealized gain (loss) on investments	79,520	(174,797)
TOTAL	\$ 97,341	\$ (167,682)

For the years ended June 30, 2023 and 2022, investment expenses totaling \$9,860 and \$10,753, respectively, are netted against investment income.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30:

	Estimated Useful Lives	2023	2022
Property and equipment	3 – 10 years	\$ 40,394	\$ 64,610
Less: Accumulated depreciation		(34,067)	(46,467)
TOTAL		\$ 6,327	\$ 18,143

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2023

NOTE E – CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances at financial and broker-dealer institutions located in Tallahassee, Florida. The balances are insured by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation up to \$250,000 for each depository institution. As of June 30, 2023 and 2022, the Organization’s uninsured cash balances totaled \$183,331 and \$522,978, respectively.

NOTE F – EMPLOYEE BENEFIT PLAN

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. Matching contributions, based on a percentage of compensation, are at the discretion of the Board of Directors. The Organization’s contributions totaled \$13,516 and \$11,892 for the years ended June 30, 2023 and 2022, respectively.

NOTE G – DUE TO BENEFICIARIES UNDER AGENCY TRANSACTIONS

The Organization entered into agreements whereby the Organization acts as an agent for and on behalf of donors. Under the terms of these agreements, the Organization agrees to receive assets from the donors and transfer those assets to specified beneficiaries. As of June 30, 2023 and 2022, respectively, the Organization held \$61,021 and \$14,351, to be transferred to specified beneficiaries under these agreements. These amounts are included in due to beneficiaries under agency transactions in the accompanying statements of financial position.

NOTE H – LEASES

Effective July 1, 2022, the Organization adopted the provisions of Accounting Standards Codification 842, Leases, covering its leasing activities. The Organization leases equipment under a finance lease agreement expiring in fiscal year 2024.

The effects of this adoption as of July 1, 2022 were as follows:

Record right of use asset and liability – finance lease	\$ 2,888
Net decrease in property and equipment	\$ 9,082
Net decrease in retained earnings	\$ 5,940

Cash paid for amounts included in the measurement of the finance lease liability totaled \$1,507 for the year ended June 30, 2023.

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2023

NOTE H – LEASES (Continued)

The following summarizes the remaining lease term and discount rate for the finance lease:

Remaining lease term	1 year
Discount rate	1.29%

The discount rate for the finance lease is based on the discount rate implicit in the lease.

The future minimum lease payments under the finance lease are as follows:

Year Ending June 30	Total
2024	\$ 1,427
Less: Unamortized Discount	(9)
Total Lease Liability	\$ 1,418

NOTE I – 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. Investment income earned from the reserve fund is also designated to the reserve fund. Management's use of the reserve fund requires 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, 2023 and 2022, the Designated Reserve Fund totaled \$2,332,166 and \$1,661,828, respectively.

NOTE J – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2023 and 2022 are restricted for programs.

NOTE K – RELATED PARTY TRANSACTIONS

During the years ended June 30, 2023 and 2022, respectively, the Organization received \$59,600 and \$118,421 in contributions from members of the Board of Directors.

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2023

NOTE L – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenses, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position, comprise of the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 424,201	\$ 553,048
Grant receivable	10,500	-0-
Cash and cash equivalents designated for reserve	415,433	401,574
Investments designated for reserve	<u>1,916,733</u>	<u>1,260,254</u>
 Total financial assets	 2,766,867	 2,214,876
 Board designations and donor-imposed restrictions:		
Designated Reserve Fund	(2,332,166)	(1,661,828)
Other donor restrictions	<u>(17,395)</u>	<u>(36,000)</u>
 Total financial assets available to meet cash needs for general expenses within one year	 <u>\$ 417,306</u>	 <u>\$ 517,048</u>

Management monitors cash availability on a regular basis prior to preparing its accounts payable disbursements.

NOTE M – UNCERTAIN TAX POSITIONS

Management is not aware of any activities that would jeopardize the Organization’s tax-exempt status, and believes it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements as of and for the years ended June 30, 2023 and 2022.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for fiscal years ending prior to June 30, 2020.

NOTE N – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through February 7, 2023, the date which the financial statements were available to be issued.

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2023

NOTE O – CHANGE IN ACCOUNTING PRINCIPLE

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to recognize leases on the statement of financial position as right of use (ROU) assets and lease liabilities based on the value of the discounted future lease payments. The Organization implemented ASU 2016-02 effective July 1, 2022, for all material leases, and elected to use practical expedients, including but not limited to, not reassessing past lease accounting, and not recording assets or liabilities for leases that have lease terms of one year or less. Instead, the lease payments of those leases are reported on a straight-line basis over the lease term.