

The Center of Anna Maria Island, Inc.

Financial Statements and
Independent Auditor's Report
June 30, 2021 and 2020

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Kerkering, Barberio & Co.
Certified Public Accountants

Independent Auditor's Report

The Board of Directors
The Center of Anna Maria Island, Inc.
Anna Maria Island, Florida

Report on Financial Statements

We have audited the accompanying financial statements of The Center of Anna Maria Island, Inc. (the Center) which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, cash flows and functional expenses for the years 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.

Auditor's 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 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 from 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 The Center of Anna Maria Island, Inc. as of June 30, 2021 and 2020, and the changes in net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kerkering Barberio & Co.

Sarasota, Florida
May 19, 2022

The Center of Anna Maria Island, Inc.

Statements of Financial Position

June 30, 2021 and 2020

Assets	2021	2020
Current Assets:		
Cash and cash equivalents	\$ 506,294	\$ 279,245
Contributions, grants and other receivables	50,362	22,288
Prepaid expenses and other	73,843	5,408
Total current assets	<u>630,499</u>	<u>306,941</u>
Long-term Assets:		
Beneficial interest in net assets of the Manatee Community Foundation	472,137	329,637
Beneficial interest in perpetual trust	353,611	354,098
Building, improvements and equipment, net	3,153,685	3,295,241
Total long-term assets	<u>3,979,433</u>	<u>3,978,976</u>
Total Assets	\$ <u>4,609,932</u>	\$ <u>4,285,917</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 57,536	\$ 42,595
Deferred revenue	28,233	39,839
Long-term debt, current portion	3,496	-
Total current liabilities	<u>89,265</u>	<u>82,434</u>
Long-term debt, net of current portion	<u>146,504</u>	<u>84,215</u>
Total Liabilities	<u>235,769</u>	<u>166,649</u>
Net Assets:		
Without donor restrictions		
Undesignated	279,024	130,492
Invested in property and equipment, net	3,153,685	3,295,241
Total net assets without donor restrictions	<u>3,432,709</u>	<u>3,425,733</u>
With donor restrictions		
Time and purpose restriction	540,481	363,898
Perpetual in nature	1,090,338	1,090,338
Underwater endowment	(689,365)	(760,701)
Total net assets with donor restrictions	<u>941,454</u>	<u>693,535</u>
Total net assets	<u>4,374,163</u>	<u>4,119,268</u>
Total Liabilities and Net Assets	\$ <u>4,609,932</u>	\$ <u>4,285,917</u>

See accompanying notes to financial statements.

The Center of Anna Maria Island, Inc.

Statement of Activities
Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:			
Contributions and grants	\$ 342,047	\$ 188,014	\$ 530,061
Program service fees	418,702	-	418,702
Government organizations	150,272	-	150,272
In-kind revenue	55,000	-	55,000
Other	67,012	-	67,012
Change in value of beneficial interest in perpetual trust	14,513	-	14,513
Change in value of beneficial interest in net assets of the Manatee Community Foundation	23,401	71,336	94,737
Total support and revenue	<u>1,070,947</u>	<u>259,350</u>	<u>1,330,297</u>
Net assets released from restrictions	<u>11,431</u>	<u>(11,431)</u>	<u>-</u>
Special events revenue	177,074	-	177,074
Less direct costs	(111,698)	-	(111,698)
Net revenue from special events	<u>65,376</u>	<u>-</u>	<u>65,376</u>
Total support, revenue and reclassifications	<u>1,147,754</u>	<u>247,919</u>	<u>1,395,673</u>
Expenses:			
Program services	832,768	-	832,768
Fundraising	182,527	-	182,527
Management and general	125,483	-	125,483
Total expenses	<u>1,140,778</u>	<u>-</u>	<u>1,140,778</u>
Change in net assets	6,976	247,919	254,895
Net assets - beginning of year	3,425,733	693,535	4,119,268
Net assets - end of year	<u>\$ 3,432,709</u>	<u>\$ 941,454</u>	<u>\$ 4,374,163</u>

See accompanying notes to financial statements.

The Center of Anna Maria Island, Inc.

Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions and grants	\$ 250,315	\$ 407,580	\$ 657,895
Program service fees	468,585	-	468,585
Government organizations	57,500	-	57,500
In-kind revenue	55,000	-	55,000
Other	8,472	-	8,472
Change in value of beneficial interest in net assets of the Manatee Community Foundation	-	2,703	2,703
Total support and revenue	839,872	410,283	1,250,155
Transfers, net	(1,794)	1,794	-
Net assets released from restrictions	128,894	(128,894)	-
Special events revenue	137,209	-	137,209
Less direct costs	(65,560)	-	(65,560)
Net revenue from special events	71,649	-	71,649
Total support, revenue and reclassifications	1,038,621	283,183	1,321,804
Expenses:			
Program services	857,791	-	857,791
Fundraising	181,495	-	181,495
Management and general	152,343	-	152,343
Total expenses	1,191,629	-	1,191,629
Change in net assets	(153,008)	283,183	130,175
Net assets - beginning of year	3,578,741	410,352	3,989,093
Net assets - end of year	\$ 3,425,733	\$ 693,535	\$ 4,119,268

See accompanying notes to financial statements.

The Center of Anna Maria Island, Inc.

Statements of Cash Flows Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 254,895	\$ 130,175
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	141,556	141,225
Forgiveness of PPP loan	(84,215)	-
Charitable remainder trust distributions	-	60,981
Change in value of beneficial interest of perpetual trust	(14,513)	-
Change in value of beneficial interest in net assets of Manatee Community Foundation	(94,737)	(2,703)
Beneficial interest in perpetual trust	-	(354,098)
Change in operating assets:		
Contributions, grants and other receivables	(28,074)	31,695
Prepaid expenses and other	(68,435)	5,071
Change in operating liabilities:		
Accounts payable and accrued expenses	14,941	4,189
Deferred revenue	(11,606)	4,924
Total adjustments	(145,083)	(108,716)
Net cash provided by operating activities	109,812	21,459
Cash flows from investing activities:		
Capital expenditures	-	(5,688)
Net cash used in investing activities	-	(5,688)
Cash flows from financing activities:		
Transfers to funds held at the Manatee Community Foundation	(61,130)	(15,000)
Distributions received from funds held at the Manatee Community Foundation	13,367	13,206
Distributions received from perpetual trust	15,000	-
Proceeds from EIDL loan	150,000	-
Proceeds from PPP loan	-	84,215
Net cash provided by financing activities	117,237	82,421
Change in cash and cash equivalents	227,049	98,192
Cash and cash equivalents - beginning of year	279,245	181,053
Cash and cash equivalents - end of year	\$ 506,294	\$ 279,245

See accompanying notes to financial statements.

The Center of Anna Maria Island, Inc.

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services	Fund Raising	Management and General	Total
Wages	\$ 309,487	\$ 67,833	\$ 46,635	\$ 423,955
Payroll taxes	28,055	6,149	4,227	38,431
Employee benefits	10,594	2,322	1,596	14,512
Total wages and related expenses	348,136	76,304	52,458	476,898
Supplies and other program expenses	157,788	34,584	23,776	216,148
Rent expense - land	40,150	8,800	6,050	55,000
Occupancy	17,943	3,933	2,704	24,580
Insurance	31,910	6,994	4,808	43,712
Travel and gas	913	200	138	1,251
Building and grounds maintenance	62,368	13,670	9,398	85,436
Professional fees	34,520	7,566	5,202	47,288
Office and small equipment expenses	2,654	582	400	3,636
Marketing and public relations	991	217	149	1,357
Other	7,490	1,642	1,127	10,259
Printing and publications	9,740	2,135	1,468	13,343
Dues and licenses	10,515	2,305	1,584	14,404
Interest expense	4,314	946	650	5,910
Total functional expenses before depreciation	729,432	159,878	109,912	999,222
Depreciation	103,336	22,649	15,571	141,556
Total functional expenses	\$ 832,768	\$ 182,527	\$ 125,483	\$ 1,140,778

See accompanying notes to financial statements.

The Center of Anna Maria Island, Inc.

Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services	Fund Raising	Management and General	Total
Wages	\$ 278,293	\$ 106,454	\$ 61,704	\$ 446,451
Payroll taxes	22,140	8,223	4,756	35,119
Employee benefits	14,619	62	-	14,681
Total wages and related expenses	<u>315,052</u>	<u>114,739</u>	<u>66,460</u>	<u>496,251</u>
Supplies and other program expenses	170,624	54,447	2,673	227,744
Rent expense - land	54,659	71	270	55,000
Occupancy	23,224	210	802	24,236
Insurance	44,353	402	1,531	46,286
Travel and gas	1,297	-	-	1,297
Building and grounds maintenance	87,047	789	3,004	90,840
Professional fees	3,700	-	49,862	53,562
Office and small equipment expenses	363	-	5,655	6,018
Marketing and public relations	137	387	1,214	1,738
Other	13,856	4,776	2,894	21,526
Printing and publications	762	3,538	8,768	13,068
Dues and licenses	<u>7,389</u>	<u>910</u>	<u>4,539</u>	<u>12,838</u>
Total functional expenses before depreciation	722,463	180,269	147,672	1,050,404
Depreciation	<u>135,328</u>	<u>1,226</u>	<u>4,671</u>	<u>141,225</u>
Total functional expenses	<u>\$ 857,791</u>	<u>\$ 181,495</u>	<u>\$ 152,343</u>	<u>\$ 1,191,629</u>

See accompanying notes to financial statements.

The Center of Anna Maria Island, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

I. Organization and Nature of Operations

The Center of Anna Maria Island, Inc. (the Center), formally known as Anna Maria Island Community Center, Inc. is a not-for-profit organization which provides opportunities for individuals that develop character, educate minds, build healthier bodies, foster volunteerism and inspire all residents to make a positive difference in our community in the cities of Anna Maria, Holmes Beach and Bradenton Beach, Florida and the surrounding communities. Support for these programs is provided predominately by membership fees, program fees, general contributions, grants and sponsor support.

Vision Statement

To be a model community center that is emulated nationwide for our ability to engage our community through exceptional wellness experiences.

Mission Statement

To enhance the overall wellbeing of individuals of all ages while preserving a sense of community through creative programs and partnerships.

2. Summary of Significant Accounting Policies

Financial Statements

The financial statements and notes are representations of the Center's management who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Use of Estimates and Assumptions

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. These affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates and assumptions.

Financial Statement Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that provide management or the governing board with discretionary control to use in carrying out the mission of the Center due to absence of donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to explicit or implicit donor-imposed stipulations for use in future periods or currently available for use but only for purposes specified by the grantor or donor. When a restriction expires, these net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Other net assets have restrictions that are perpetual in nature. These net assets are subject to donor-imposed stipulations that neither expire within a certain period of time nor can be fulfilled or otherwise removed by actions of the Center.

The Center of Anna Maria Island, Inc.

Notes to Financial Statements (Continued)

June 30, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents represents cash with purchased maturities of three months or less.

Contributions, Grants and Other Receivables

The Center uses the reserve method to account for uncollectible receivables. At June 30, 2021 and 2020, management estimated that all receivables were collectible based on a review of all individual accounts outstanding. Accordingly, no allowance for uncollectible receivables has been provided for.

Bequests Receivable

Bequests that have not been recorded in the accompanying financial statements are those where the donors' wills have not yet been declared valid by the probate court and the value of the amounts to be received is not yet determinable. All other bequests are reflected in the accompanying financial statements.

Charitable Remainder Trust Receivable

The Center was named as a beneficiary in an irrevocable charitable remainder trust. The Center's beneficial interest in the trusts' assets was measured at the present value of the estimated future distributions expected to be received. At June 30, 2018, the Applicable Federal Rate (3.4%) was utilized to measure the present value of future distributions, which were based upon the stated rate of return of 8.0% of the fair value of the trusts' investments. At June 30, 2019, the present value of distributions was measured at the amount determined to be the final distribution. The Center received the final distribution of \$60,981 during the year ended June 30, 2020.

Charitable remainder trusts are classified as net assets with donor restrictions. Once the beneficial interest is passed to the Center, the remaining assets are released to net assets without donor restrictions. Accordingly, when the final distribution was received it was released to net assets without donor restrictions.

Beneficial Interest in Perpetual Trust

The Center has been given a beneficial interest in a perpetual trust. The trust's assets are held by a third party trustee and the Center receives a fixed annual distribution in perpetuity or until the termination of the Center or exhaustion of trust funds. The Center's beneficial interest in the perpetual trust is measured by the fair value of the trust's assets held on behalf of the Foundation. The Center's Board of Directors passed a resolution that the distributions received from this trust will be placed in the endowment held at the Manatee Community Foundation.

Building, Improvements and Equipment

Building, improvements and equipment are stated at cost at the date of acquisition or fair value at the date of donation, in the case of gifts. All acquisitions of fixed assets in excess of \$1,000 are capitalized. Expenditures that significantly add to the productivity or extend the useful lives of building, improvements and equipment are capitalized. Other expenditures for maintenance and repairs are charged to operations in the year the costs are incurred. Depreciation is provided for over the estimated service lives of the respective assets on a straight-line basis.

The Center of Anna Maria Island, Inc.

Notes to Financial Statements (Continued)

June 30, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Building, Improvements and Equipment (Continued)

A summary of depreciable lives follows:

	<u>Years</u>
Building and improvements	10 - 39
Grounds improvements	10 - 39
Equipment	5 - 15
Vehicles	5 - 10

Financial Instruments Not Measured at Fair Value

Certain of the Center's financial instruments are not measured at fair value on a recurring basis but nevertheless are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include: cash and cash equivalents; contributions, grants and other receivables; prepaid expenses and other; accounts payable and accrued expenses; and deferred revenue.

Revenue Recognition

All contributions are considered available without donor restrictions unless specifically restricted by the respective donor. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances (fair value).

Contributions received with donor stipulations and grants received with purpose restrictions that limit the use of donated assets are treated as net assets with donor restrictions. When the purpose of the restriction is accomplished, these net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Center does not have any conditional promises to give.

Program revenues are recognized when the performance obligations of providing the services are met.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Center recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Center recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Donated Assets and Services

Donated assets are recorded as contributions in the accompanying statements at their estimated value on date of receipt. For the years ended June 30, 2021 and 2020, the Center recognized the value of donated land for use in operations totaling \$55,000 for each year. In addition, a number of volunteers have made significant contributions of time to the Center. Donated volunteer time has not been recorded in the financial statements since it does not meet the criteria for recognition under generally accepted accounting principles. Contribution of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation.

The Center of Anna Maria Island, Inc.

Notes to Financial Statements (Continued)

June 30, 2021 and 2020

2. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the program and supporting services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Costs are allocated between program services, management and general or fundraising based on evaluations of the related benefits. Management and general expenses include expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Center. The expenses that are allocated include rent expense, occupancy, insurance, depreciation, and building and grounds maintenance which are allocated on a square footage basis, as well as salaries, benefits and other expenses which are allocated on the basis of estimates of time and effort.

Income Tax Status

The Center qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been provided for.

Under the Income Taxes Topic of the FASB Accounting Standards Codification, the Center has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Center.

The Center files income tax returns in the U.S. federal jurisdiction. The tax periods open to examination by the major taxing jurisdictions to which the Center is subject include fiscal years ended June 30, 2018 through June 30, 2021.

3. Liquidity and Availability

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

	2021	2020
Cash and cash equivalents	\$ 506,294	\$ 279,245
Contributions, grants and other receivables	50,362	22,288
Total financial assets available	<u>556,656</u>	<u>301,533</u>
Less: Financial assets unavailable for general expenditure due to:		
Time and purpose restriction	<u>(115,706)</u>	<u>(9,800)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 440,950</u>	<u>\$ 291,733</u>

The Center's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Center manages its liquid assets in accordance with regular budgeting processes developed through the coordinated efforts of management and the Board of Directors. Regular reporting by management to those charged with governance ensures the results from operating activities are monitored closely.

The Center of Anna Maria Island, Inc.

Notes to Financial Statements (Continued)

June 30, 2021 and 2020

4. Beneficial Interest in the Net Assets of the Manatee Community Foundation

In May of 2007, the Center transferred cash with donor restrictions that were perpetual in nature of \$803,405 to the Manatee Community Foundation (Foundation). These funds are held by the Foundation for the benefit of the Center, and the Foundation was not granted variance power. Based on the fund agreement with the Foundation, the Center may receive distributions of investment earnings of these dollars, based on the result of the pooled funds held in the Foundation. If the Center elects not to receive the distribution, the distribution will be applied to the principal of the fund. The Manatee Community Foundation will entertain a request in any year from the Center's Board of Directors to provide a distribution in excess of the net income of this fund, including the principal balance of the fund, as long as such request is consistent with the purpose to support the non-profit mission of the Center. As of June 30, 2021 and 2020, the balance of this fund totaled \$41,513 and \$34,244, respectively.

During the year end June 30, 2016, the Center was named beneficiary in a bequest with perpetual donor restrictions totaling \$266,034. As a result of the Center transferring their endowment trust to the Foundation in May of 2007, the bequest check was given to the Foundation for the sole benefit of the Center. The Center will receive annual distributions of approximately 4.5% from this fund, not to exceed the original principal balance of the fund. As of June 30, 2021 and 2020, the balance of this fund totaled \$359,460 and \$295,393, respectively. During the years ended June 30, 2021 and 2020, the Center received distributions of \$13,367 and \$13,206, respectively, from this fund held at the Foundation.

During the year ended June 30, 2021, the Center established a non-endowed Agency Fund Agreement with the Foundation for the purpose of providing scholarships. During the year ended June 30, 2021, the Center transferred to this fund \$61,130 from a donor that was restricted for scholarships. As of June 30, 2021, the balance of this fund totaled \$71,164. No scholarship grants were paid out of this fund during the year ended June 30, 2021.

The total balance of these three funds as of June 30, 2021 and 2020 totaled \$472,137 and \$329,637, respectively.

5. Fair Value of Financial Assets and Liabilities

The Center adopted the *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification which provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

The following are the major classes of assets and liabilities measured at fair value on a recurring basis and indicate the fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities, such as publicly traded equity securities.

Level 2 - inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quotes prices (interest rates, yield curves, etc.), or inputs derived principally from or corroborated by observable market data by correlation or other means.

The Center of Anna Maria Island, Inc.

Notes to Financial Statements (Continued)

June 30, 2021 and 2020

5. Fair Value of Financial Assets and Liabilities (Continued)

Level 3 - inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. The inputs reflect the Center's assumptions based on the best information available in the circumstance.

Beneficial interest in perpetual trust assets are valued at the current fair value of the underlying assets using observable market inputs based on its beneficial interest in the trust. The assets are categorized as Level 3. The primary unobservable inputs used in the fair value measurement of the perpetual trust assets are the underlying securities held by the trust that are outside of the control of management of the Center.

<u>Description</u>	<u>Balance 6/30/2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Valued using net asset value</u>
Beneficial interest in net assets of the Manatee Community Foundation	\$ 472,137	\$ 463,290	\$ -	\$ -	\$ 8,847
Beneficial interest in perpetual trust	353,611	-	-	353,611	-
Total assets at fair value	<u>\$ 825,748</u>	<u>\$ 463,290</u>	<u>\$ -</u>	<u>\$ 353,611</u>	<u>\$ 8,847</u>

<u>Description</u>	<u>Balance 6/30/2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Valued using net asset value</u>
Beneficial interest in net assets of the Manatee Community Foundation	\$ 329,637	\$ 320,891	\$ -	\$ -	\$ 8,746
Beneficial interest in perpetual trust	354,098	-	-	354,098	-
Total assets at fair value	<u>\$ 683,735</u>	<u>\$ 320,891</u>	<u>\$ -</u>	<u>\$ 354,098</u>	<u>\$ 8,746</u>

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended June 30, 2021 and 2020:

Balance - June 30, 2019	\$ -
Contributions	369,098
Distributions	(15,000)
Change in value	-
Balance - June 30, 2020	<u>354,098</u>
Distributions	(15,000)
Change in value	14,513
Balance - June 30, 2021	<u>\$ 353,611</u>

The Center of Anna Maria Island, Inc.

Notes to Financial Statements (Continued)

June 30, 2021 and 2020

6. Building, Improvements and Equipment

Building, improvements and equipment consisted of the following at June 30:

	<u>2021</u>		<u>2020</u>
Building and improvements	\$ 4,795,656	\$	4,795,656
Grounds improvements	201,378		201,378
Equipment	238,052		238,052
Vehicles	47,092		47,092
	<u>5,282,178</u>		<u>5,282,178</u>
Less: accumulated depreciation	<u>(2,128,493)</u>		<u>(1,986,937)</u>
Total building, improvements and equipment, net	<u>\$ 3,153,685</u>	\$	<u>3,295,241</u>

Depreciation expense for the years ended June 30, 2021 and 2020 totaled \$141,556 and \$141,225, respectively.

7. Long-Term Debt

Paycheck Protection Program Loan

In May of 2020, the Center qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act for an aggregate principal amount of \$84,215 (the PPP Loan). The PPP Loan bore interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, had a term of two years, and was unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan was subject to forgiveness under the Paycheck Protection Program upon the Center's request to the extent that the PPP Loan proceeds were used to pay expenses permitted by the Paycheck Protection Program. The Center applied for forgiveness of the entire PPP Loan and received their formal notice of forgiveness in April 2021. Accordingly, the Center reduced their liability and recorded revenue from government organization support in the statement of activities during the year ended June 30, 2021.

Economic Injury Disaster Loan

In June of 2020, the Center qualified for and received an Economic Injury Disaster Loan (EIDL) Advance of \$10,000. As EIDL Advances do not have to be repaid, the Center recorded this amount as government organization support in the statement of activities during the year ended June 30, 2021.

In July of 2020, the Center received a loan from a financial institution in the aggregate amount of \$150,000, pursuant to the COVID-19 Economic Injury Disaster Loans (EIDL) under Division A, Title I of the CARES Act. The loan, which was in the form of a note payable, matures in 30 years and bears interest at a rate of 2.75% per annum. The note may be prepaid by the Center at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used as working capital for normal operating expenses and are collateralized by assets of the Center. The Center's Board of Directors voted to prevent usage of these funds without prior Board approval. Future maturities of the EIDL loan are as follows at June 30:

2022	\$	3,496
2023		3,593
2024		3,693
2025		3,796
2026		3,902
Thereafter		<u>131,520</u>
Total	\$	<u>150,000</u>

The Center of Anna Maria Island, Inc.

Notes to Financial Statements (Continued)

June 30, 2021 and 2020

7. Long-Term Debt (Continued)

Interest expense totaled \$5,910 and \$820 for the years ended June 30, 2021 and 2020, respectively.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	<u>2021</u>	<u>2020</u>
Time and purpose restriction:		
Purpose restriction:		
Purpose restricted grants	\$ 115,706	\$ 9,800
Scholarships	71,164	-
Time restriction:		
Beneficial interest in perpetual trust	353,611	354,098
Total time and purpose restriction	<u>540,481</u>	<u>363,898</u>
Restricted in perpetuity for endowment	1,090,338	1,090,338
Underwater endowment	<u>(689,365)</u>	<u>(760,701)</u>
Total net assets with donor restriction	<u>\$ 941,454</u>	<u>\$ 693,535</u>

9. Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors. Net assets released from donor restrictions are as follows for the years end June 30:

	<u>2021</u>	<u>2020</u>
Development director salary	\$ -	\$ 24,231
Mini-reef	9,800	-
Final distribution of charitable remainder trust receivable	-	60,981
Other	1,631	-
Green initiative	-	43,682
	<u>\$ 11,431</u>	<u>\$ 128,894</u>

10. Endowments

The Center's endowment consists of funds established for a variety of purposes, resulting from donor restrictions. 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 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 Center classifies as net assets with donor restrictions that are perpetual in nature (a) the original value of gifts donated to the perpetual endowment, and, (b) the original value of subsequent gifts to the perpetual endowment. Any portion of the endowment, including investment income, which is not classified as net assets with donor restrictions that are perpetual in nature, is to be classified as net assets with donor restrictions until it is appropriated for expenditure.

The Center of Anna Maria Island, Inc.

Notes to Financial Statements (Continued)

June 30, 2021 and 2020

10. Endowments (Continued)

Endowment Net Asset Composition

The Center has the following endowment net asset composition by type of fund as of June 30, 2021:

	Without Donor Restriction	With Donor Restriction
Original donor restricted gift amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,090,338
Underwater endowment	-	(689,365)
Total Endowment Net Assets	\$ -	\$ 400,973

The Center has the following endowment net asset composition by type of fund as of June 30, 2020:

	Without Donor Restriction	With Donor Restriction
Original donor restricted gift amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,090,338
Underwater endowment	-	(760,701)
Total Endowment Net Assets	\$ -	\$ 329,637

Change in Endowment Net Assets

Changes in endowment net assets for the year ended June 30 are as follows:

	2021	2020
Beginning of year	\$ 329,637	\$ 325,140
Investment returns	88,410	6,069
Transfers	-	15,000
Distributions	(13,367)	(13,206)
Fees	(3,707)	(3,366)
End of year	\$ 400,973	\$ 329,637

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. The Center has interpreted FUPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2021, funds with original gift values of \$1,090,338, fair values of \$400,973, and deficiencies of \$689,365 were reported in net assets with donor restrictions. At June 30, 2020, funds with original gift values of \$1,090,338, fair values of \$329,637, and deficiencies of \$760,701 were reported in net assets with donor restrictions. These deficiencies resulted from distributions that occurred after the initial investment of contributions with donor restrictions that were perpetual in nature. During 2018, the Center met with a large donor of the endowment fund who provided approval for the distributions. During 2019, the Center received a signed letter from this donor approving the reclassification of certain contributions with donor restrictions that were perpetual in nature to contributions without donor restrictions. The Center is working towards determining the amount of the donations to the endowment from the donor. These actions should reduce the obligation to replenish these endowed funds from operational profits.

The Center of Anna Maria Island, Inc.

Notes to Financial Statements (Continued)

June 30, 2021 and 2020

10. Endowments (Continued)

Funds with Deficiencies (Continued)

During 2020, the Center recognized an unrestricted beneficial interest in a perpetual trust. The Center's Board of Directors passed a resolution that all distributions received from the Center's beneficial interest in a perpetual trust, currently \$15,000 per year in perpetuity or until exhaustion of trust funds or termination of the Center, will be placed in the endowment held at the Manatee Community Foundation until the endowment is made whole. The Center's beneficial interest in perpetual trust was \$353,611 at June 30, 2021.

Spending Policy and How the Investment Objectives Relate to Spending Policy

See Note 4.

11. Operating Lease Commitments

The Center leases land from the City of Anna Maria Island, Florida under a ninety-nine (99) year lease beginning in August of 1978 on which program facilities have been constructed. The lease provides for one ninety-nine year extension and annual payments of \$1. During fiscal year 2003, the extension of the lease was executed to the year 2102.

The Center leases LED lighting equipment under an agreement that expires in March 2024 and a copier under an agreement that expires in February 2023. Future minimum lease commitments at June 30, 2021 are as follows:

2021-2022	\$	19,040
2022-2023		17,668
2023-2024		11,193
Total	\$	<u>47,901</u>

12. Contingencies

After the construction of the new facility during 2007 and 2008, the Center experienced losses from operations. Consequently, the Center used a majority of its endowment during the years ended June 30, 2016 and 2017 to fund operations, pay off the facility mortgage thereby reducing operating expense, and update programming and systems to a standard that can handle the growth and complexities of serving the changing community demographic from residential to rental and to all ages.

Starting in 2018, the Center successfully implemented strategies to increase program revenues and fundraising income and decrease operating expenses in order to continue to provide programs, activities and other community support valuable to the community. These initiatives resulted in significant improvement in cash flow. The Center will continue to refine and implement additional initiatives in anticipation of improving cash flows in the future. If these initiatives are not successful, the Center may be forced to cut programs, activities and other community support programs that are currently being provided.

The Center is confident progress is being made and is committed to providing value to the community into the future through a sustainable business model.

The Center of Anna Maria Island, Inc.

Notes to Financial Statements (Continued)

June 30, 2021 and 2020

13. Uncertainty Due to Coronavirus

The Center's operations may be affected by the recent and ongoing outbreak of the coronavirus disease (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Center's financial position, operations and cash flows.

14. Tax-Deferred Savings Plan

The Center historically offers a tax-deferred savings plan, which qualifies as a Savings Incentive Match Plan for Employees (SIMPLE IRA Plan) under Internal Revenue Code. The plan covers all employees, over ages twenty-one who have received at least \$5,000 in compensation during the year. Employees may provide tax-deferred contributions to fully vested individual retirement accounts up to the Internal Revenue Code limits. The Center's contribution is based on matching contributions for up to 3% of employee wages. This contribution can be reduced to as low as 1% in a 2 out of 5 year period. There were contributions of \$2,631 and \$4,354 to the plan for the years ended June 30, 2021 and 2020, respectively. The 2020 total included 2019 contributions on behalf of the Center.

15. Concentration of Economic and Credit Risk

The Center relies heavily on program revenue, general contributions and local government funding to fund its operations. The participants in the Center's programs reside primarily in the cities of Anna Maria, Holmes Beach, Bradenton Beach and Bradenton, Florida.

The Center maintains its cash and cash equivalents at a single financial institution. Accounts at this institution are insured up to the Federal Deposit Insurance Corporation (FDIC) limit. The Center has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents, which at times, may exceed federally insured limits.

16. Employee Retention Tax Credit

Under the provisions of the extension of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) passed by the United States Congress and signed by the President, the Center is eligible for a refundable employee retention credit subject to certain criteria. The Center has recorded the employee retention credit in accordance with *ASC 958-605 Not-for-Profit Entities Revenue Recognition*, where the employee retention credit is accounted for as a conditional contribution. In order to claim the credit, the Center is required to meet certain conditions. When those conditions are met, the refund is recorded in prepaid expenses and other on the accompanying Statement of Financial Position, as well as other income on the accompanying Statement of Activities. For the year ended June 30, 2021, the Center recognized employee retention credits totaling \$58,785. The Center has filed for refunds of the employee retention credit and, as of the date of this report, has not received any refunds and cannot reasonably estimate when it will receive any or all of the refunds.

17. Subsequent Events

The Center has evaluated all events subsequent to the statement of financial position date of June 30, 2021 through the date these financial statements were available to be issued, May 19, 2022, and have determined that there are no subsequent events that require disclosure.