

The Center of Anna Maria Island, Inc.

Financial Statements and
Independent Auditor's Report
June 30, 2023 and 2022

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of The Center of Anna Maria Island, Inc. (the Center), which comprise the statements of financial position as of June 30, 2023 and 2022, the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Center as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Center 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 Center'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 GAAS 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 GAAS, 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 Center'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 Center'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.

Kukuing Barbunio & Co.

Sarasota, Florida
February 28, 2024

The Center of Anna Maria Island, Inc.

Statements of Financial Position June 30, 2023 and 2022

Assets	2023	2022
Current Assets:		
Cash and cash equivalents	\$ 404,460	\$ 664,067
Contributions, grants and other receivables	3,219	2,898
Prepaid expenses and other	13,183	12,218
Total current assets	<u>420,862</u>	<u>679,183</u>
Long-term Assets:		
Beneficial interest in net assets of the Manatee Community Foundation	463,765	412,814
Beneficial interest in perpetual trust	306,145	313,053
Building, improvements and equipment, net	3,172,468	3,136,672
Right-of-use lease asset	10,740	-
Total long-term assets	<u>3,953,118</u>	<u>3,862,539</u>
Total Assets	<u>\$ 4,373,980</u>	<u>\$ 4,541,722</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 95,771	\$ 96,683
Deferred revenue	133,026	63,577
Short-term lease liability	10,991	-
Long-term debt, current portion	3,361	3,496
Total current liabilities	<u>243,149</u>	<u>163,756</u>
Long-term debt, net of current portion	<u>146,639</u>	<u>146,504</u>
Total Liabilities	<u>389,788</u>	<u>310,260</u>
Net Assets:		
Without donor restrictions		
Undesignated	41,814	287,151
Invested in property and equipment, net	3,172,468	3,136,672
Total net assets without donor restrictions	<u>3,214,282</u>	<u>3,423,823</u>
With donor restrictions		
Time and purpose restriction	384,775	456,837
Perpetual in nature	1,090,338	1,090,338
Underwater endowment	(705,203)	(739,536)
Total net assets with donor restrictions	<u>769,910</u>	<u>807,639</u>
Total net assets	<u>3,984,192</u>	<u>4,231,462</u>
Total Liabilities and Net Assets	<u>\$ 4,373,980</u>	<u>\$ 4,541,722</u>

See accompanying notes to financial statements.

The Center of Anna Maria Island, Inc.

Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions and grants	\$ 262,903	\$ 101,733	\$ 364,636
Program service fees	780,040	-	780,040
Government organizations	25,000	-	25,000
In-kind revenue	55,000	-	55,000
Other	16,634	-	16,634
Change in value of beneficial interest in perpetual trust	-	8,092	8,092
Change in value of beneficial interest in net assets of the Manatee Community Foundation	-	40,533	40,533
Total support and revenue	<u>1,139,577</u>	<u>150,358</u>	<u>1,289,935</u>
Net assets released from restrictions	<u>188,087</u>	<u>(188,087)</u>	<u>-</u>
Special events revenue	436,281	-	436,281
Less direct costs	<u>(270,227)</u>	<u>-</u>	<u>(270,227)</u>
Net revenue from special events	<u>166,054</u>	<u>-</u>	<u>166,054</u>
Total support, revenue and reclassifications	<u>1,493,718</u>	<u>(37,729)</u>	<u>1,455,989</u>
Expenses:			
Program services	1,260,409	-	1,260,409
Fundraising	289,555	-	289,555
Management and general	<u>153,295</u>	<u>-</u>	<u>153,295</u>
Total expenses	<u>1,703,259</u>	<u>-</u>	<u>1,703,259</u>
Change in net assets	(209,541)	(37,729)	(247,270)
Net assets - beginning of year	3,423,823	807,639	4,231,462
Net assets - end of year	<u>\$ 3,214,282</u>	<u>\$ 769,910</u>	<u>\$ 3,984,192</u>

See accompanying notes to financial statements.

The Center of Anna Maria Island, Inc.

Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions and grants	\$ 581,508	\$ 24,131	\$ 605,639
Program service fees	645,075	-	645,075
Government organizations	55,000	-	55,000
In-kind revenue	55,000	-	55,000
Other	13,206	-	13,206
Change in value of beneficial interest in perpetual trust	-	(25,558)	(25,558)
Change in value of beneficial interest in net assets of the Manatee Community Foundation	-	(60,194)	(60,194)
Total support and revenue	<u>1,349,789</u>	<u>(61,621)</u>	<u>1,288,168</u>
Net assets released from restrictions	<u>72,194</u>	<u>(72,194)</u>	<u>-</u>
Special events revenue	447,376	-	447,376
Less direct costs	(341,947)	-	(341,947)
Net revenue from special events	<u>105,429</u>	<u>-</u>	<u>105,429</u>
Total support, revenue and reclassifications	<u>1,527,412</u>	<u>(133,815)</u>	<u>1,393,597</u>
Expenses:			
Program services	1,136,860	-	1,136,860
Fundraising	253,798	-	253,798
Management and general	145,640	-	145,640
Total expenses	<u>1,536,298</u>	<u>-</u>	<u>1,536,298</u>
Change in net assets	(8,886)	(133,815)	(142,701)
Net assets - beginning of year	3,432,709	941,454	4,374,163
Net assets - end of year	<u>\$ 3,423,823</u>	<u>\$ 807,639</u>	<u>\$ 4,231,462</u>

See accompanying notes to financial statements.

The Center of Anna Maria Island, Inc.

Statements of Cash Flows Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ <u>(247,270)</u>	\$ <u>(142,701)</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	154,894	145,415
Non-cash lease adjustment	251	-
Change in value of beneficial interest of perpetual trust	(8,092)	25,558
Change in value of beneficial interest in net assets of Manatee Community Foundation	(40,533)	60,194
Change in operating assets:		
Contributions, grants and other receivables	(321)	47,464
Prepaid expenses and other	(965)	61,625
Change in operating liabilities:		
Accounts payable and accrued expenses	(912)	39,147
Deferred revenue	69,449	35,344
Total adjustments	<u>173,771</u>	<u>414,747</u>
Net cash provided by (used in) operating activities	<u>(73,499)</u>	<u>272,046</u>
Cash flows from investing activities:		
Capital expenditures	<u>(190,690)</u>	<u>(128,402)</u>
Net cash used in investing activities	<u>(190,690)</u>	<u>(128,402)</u>
Cash flows from financing activities:		
Transfers to funds held at the Manatee Community Foundation	(29,900)	(19,605)
Distributions received from funds held at the Manatee Community Foundation	19,482	18,734
Distributions received from perpetual trust	15,000	15,000
Net cash provided by financing activities	<u>4,582</u>	<u>14,129</u>
Change in cash and cash equivalents	(259,607)	157,773
Cash and cash equivalents - beginning of year	664,067	506,294
Cash and cash equivalents - end of year	\$ <u><u>404,460</u></u>	\$ <u><u>664,067</u></u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ <u><u>3,846</u></u>	\$ <u><u>0</u></u>

See accompanying notes to financial statements.

The Center of Anna Maria Island, Inc.

Statement of Functional Expenses Year Ended June 30, 2023

	Program Services	Fund Raising	Management and General	Total
Wages	\$ 433,618	\$ 99,615	\$ 52,737	\$ 585,970
Payroll taxes	34,633	7,956	4,212	46,801
Employee benefits	66,562	15,291	8,096	89,949
Total wages and related expenses	<u>534,813</u>	<u>122,862</u>	<u>65,045</u>	<u>722,720</u>
Supplies and other program expenses	285,482	65,584	34,721	385,787
Rent expense - land	40,700	9,350	4,950	55,000
Occupancy	29,614	6,803	3,602	40,019
Insurance	37,377	8,587	4,546	50,510
Travel and gas	4,181	961	509	5,651
Building and grounds maintenance	84,020	19,302	10,219	113,541
Professional fees	47,385	10,886	5,763	64,034
Office and small equipment expenses	8,543	1,962	1,039	11,544
Marketing and public relations	11,408	2,621	1,387	15,416
Other	32,577	7,484	3,962	44,023
Printing and publications	5,705	1,311	694	7,710
Dues and licenses	9,920	2,279	1,207	13,406
Interest expense	<u>3,995</u>	<u>918</u>	<u>486</u>	<u>5,399</u>
Total functional expenses before depreciation and amortization	1,135,720	260,910	138,130	1,534,760
Depreciation and amortization	<u>124,689</u>	<u>28,645</u>	<u>15,165</u>	<u>168,499</u>
Total functional expenses	<u>\$ 1,260,409</u>	<u>\$ 289,555</u>	<u>\$ 153,295</u>	<u>\$ 1,703,259</u>

See accompanying notes to financial statements.

The Center of Anna Maria Island, Inc.

Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services	Fund Raising	Management and General	Total
Wages	\$ 365,746	\$ 81,650	\$ 46,855	\$ 494,251
Payroll taxes	28,662	6,399	3,672	38,733
Employee benefits	26,558	5,929	3,402	35,889
Total wages and related expenses	<u>420,966</u>	<u>93,978</u>	<u>53,929</u>	<u>568,873</u>
Supplies and other program expenses	338,534	75,576	43,369	457,479
Rent expense - land	40,700	9,086	5,214	55,000
Occupancy	19,672	4,392	2,520	26,584
Insurance	33,352	7,446	4,273	45,071
Travel and gas	3,152	704	404	4,260
Building and grounds maintenance	76,895	17,166	9,851	103,912
Professional fees	45,157	10,081	5,785	61,023
Office and small equipment expenses	1,244	278	159	1,681
Marketing and public relations	6,724	1,501	861	9,086
Other	25,135	5,611	3,219	33,965
Printing and publications	6,461	1,442	828	8,731
Dues and licenses	9,221	2,059	1,181	12,461
Interest expense	<u>2,040</u>	<u>455</u>	<u>262</u>	<u>2,757</u>
Total functional expenses before depreciation	1,029,253	229,775	131,855	1,390,883
Depreciation	<u>107,607</u>	<u>24,023</u>	<u>13,785</u>	<u>145,415</u>
Total functional expenses	<u>\$ 1,136,860</u>	<u>\$ 253,798</u>	<u>\$ 145,640</u>	<u>\$ 1,536,298</u>

See accompanying notes to financial statements.

The Center of Anna Maria Island, Inc.

Notes to Financial Statements

June 30, 2023 and 2022

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, 2023 and 2022

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, 2023 and 2022, 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.

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.

A summary of depreciable lives follows:

	<u>Years</u>
Building and improvements	10 - 40
Grounds improvements	5 - 40
Equipment	3 - 20
Vehicles	5

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.

The Center of Anna Maria Island, Inc.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

2. Summary of Significant Accounting Policies (Continued)

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.

Contributed Nonfinancial Assets

Donated assets are recorded as contributions in the accompanying statements at their estimated value on date of receipt. For the years ended June 30, 2023 and 2022, the Center recognized the value of donated land for use in operations totaling \$55,000 for each year. Donated rent is valued at the estimated fair value based on current rates for similar services. 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. Contributions 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.

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 footnote 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.

The Center of Anna Maria Island, Inc.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

2. Summary of Significant Accounting Policies (Continued)

Income Tax Status (Continued)

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, 2020 through June 30, 2023.

Adoption of New Accounting Pronouncement

In February 2016, the FASB issued ASC Topic 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities.

The Center adopted Topic 842 on July 1, 2022, using the optional transitional method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Center has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Center's historical accounting treatment under ASC Topic 840, Leases.

The Center elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Center does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Center has not elected to adopt the "hindsight" practical expedient and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of Topic 842 on July 1, 2022.

The Center determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Center obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Center also considers whether its service arrangements include the right to control the use of an asset.

ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives.

The Center of Anna Maria Island, Inc.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

2. Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncement (Continued)

The Center's lease agreements do not provide a readily determinable implicit rate. Therefore, to determine the present value of lease payments, the Center made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Adoption of Topic 842 resulted in the recording of ROU assets and lease liabilities related to the Center's finance leases of \$23,242 and \$24,607, respectively, at July 1, 2022. The adoption of the new lease standard did not impact change in net assets or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

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:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 404,460	\$ 664,067
Contributions, grants and other receivables	3,219	2,898
Total financial assets available	<u>407,679</u>	<u>666,965</u>

Less: Financial assets unavailable for general expenditure due to:

Purpose restriction	<u>-</u>	<u>(67,771)</u>
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Total financial assets available to management for general expenditures within one year

<u>\$ 407,679</u>	<u>\$ 599,194</u>
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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.

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, 2023 and 2022, the balance of this fund totaled \$70,496 and \$49,388, respectively. During the years ended June 30, 2023 and 2022, there were no distributions taken from the fund. During the years end June 30, 2023 and 2022, the Center transferred \$15,000 and \$15,000 to this fund, respectively.

The Center of Anna Maria Island, Inc.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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

During the year ended 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, 2023 and 2022, the balance of this fund totaled \$314,639 and \$301,414, respectively. During the years ended June 30, 2023 and 2022, the Center received distributions of \$14,482 and \$13,734, 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, 2023 and 2022, the Center transferred to this fund \$14,900 and \$4,605 from donors that are restricted for scholarships, respectively. As of June 30, 2023 and 2022, the balance of this fund totaled \$78,630 and \$62,012, respectively. During the years ended June 30, 2023 and 2022, the Center disbursed \$5,000 and \$5,000, respectively, from this fund held at the Foundation for scholarship grants.

The total balance of these three funds as of June 30, 2023 and 2022 totaled \$463,765 and \$412,814, 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.

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.

The Center of Anna Maria Island, Inc.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

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

Description	Balance 6/30/2023	Level 1	Level 2	Level 3	Valued using net asset value
Beneficial interest in net assets of the Manatee Community Foundation	\$ 463,765	\$ 459,561	\$ -	\$ -	\$ 4,204
Beneficial interest in perpetual trust	306,145	-	-	306,145	-
Total assets at fair value	<u>\$ 769,910</u>	<u>\$ 459,561</u>	<u>\$ -</u>	<u>\$ 306,145</u>	<u>\$ 4,204</u>

Description	Balance 6/30/2022	Level 1	Level 2	Level 3	Valued using net asset value
Beneficial interest in net assets of the Manatee Community Foundation	\$ 412,814	\$ 408,124	\$ -	\$ -	\$ 4,690
Beneficial interest in perpetual trust	313,053	-	-	313,053	-
Total assets at fair value	<u>\$ 725,867</u>	<u>\$ 408,124</u>	<u>\$ -</u>	<u>\$ 313,053</u>	<u>\$ 4,690</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, 2023 and 2022:

Balance - June 30, 2021	\$ 353,611
Distributions	(15,000)
Change in value	(25,558)
Balance - June 30, 2022	313,053
Distributions	(15,000)
Change in value	8,092
Balance - June 30, 2023	<u>\$ 306,145</u>

6. Building, Improvements and Equipment

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

	2023	2022
Building and improvements	\$ 5,022,347	\$ 4,844,819
Grounds improvements	214,179	213,647
Equipment	282,681	270,051
Vehicles	73,485	73,485
	<u>5,592,692</u>	<u>5,402,002</u>
Less: accumulated depreciation	(2,420,224)	(2,265,330)
Total building, improvements and equipment, net	<u>\$ 3,172,468</u>	<u>\$ 3,136,672</u>

Depreciation expense for the years ended June 30, 2023 and 2022 totaled \$154,894 and \$145,415, respectively.

The Center of Anna Maria Island, Inc.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

7. Long-Term Debt

Economic Injury Disaster Loan

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:

2024	\$	3,361
2025		3,455
2026		3,551
2027		3,650
2028		3,752
Thereafter		132,231
Total	\$	<u>150,000</u>

Interest expense totaled \$4,413 and \$2,757 for the years ended June 30, 2023 and 2022, respectively. Unpaid accrued interest on this loan totaled \$9,038 and \$8,471 as of June 30, 2023 and 2022, respectively, and is included in accounts payable and accrued expenses on the accompanying statement of financial position.

8. Leases

The Center leases lighting equipment with monthly payments of \$1,244 expiring in March 2024. The components of lease expenses are as follows for the year ended June 30, 2023:

Lease expense:

Finance lease expense:

Amortization of ROU assets	\$	14,641
Interest on lease liabilities		985
Operating lease expense		-
Short-term lease expense		2,696
Variable lease expense		-
Sublease income		-
Total	\$	<u>18,322</u>

Other Information:

(Gains) losses on sale-leaseback transactions, net	\$	-
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases (i.e. interest)		985
Financing cash flows from finance leases (i.e. principal portion)		14,680
Operating cash flows from operating leases		-
ROU assets obtained in exchange for new finance lease liabilities		23,242
ROU assets obtained in exchange for new operating lease liabilities		-
Weighted-average remaining lease term in years for finance leases		0.75
Weighted-average remaining lease term in years for operating leases		-
Weighted-average discount rate for finance leases		5.50%
Weighted-average discount rate for operating leases		-

The Center of Anna Maria Island, Inc.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

8. Leases (Continued)

Maturity Analysis

Years Ended June 30

	Finance Lease	Operating Lease
2024	\$ 11,193	\$ -
Total undiscounted cash flows	11,193	-
Less: present value discount	(202)	-
Total lease liabilities	<u>\$ 10,991</u>	<u>\$ -</u>

9. 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.

10. Net Assets with Donor Restrictions

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

	2023	2022
Time and purpose restriction:		
Purpose restriction:		
Purpose restricted funds	\$ -	\$ 67,771
Scholarships	78,630	76,013
Time restriction:		
Beneficial interest in perpetual trust	306,145	313,053
Total time and purpose restriction	<u>384,775</u>	<u>456,837</u>
Restricted in perpetuity for endowment	1,090,338	1,090,338
Underwater endowment	<u>(705,203)</u>	<u>(739,536)</u>
Total net assets with donor restriction	<u>\$ 769,910</u>	<u>\$ 807,639</u>

11. 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:

	2023	2022
Intuitive Foundation	\$ 25,440	\$ 27,885
Intuitive Marketing	8,600	22,075
Van Zandt Scholarship	5,000	5,000
ELC Grants	91,316	-
Other	57,731	17,234
	<u>\$ 188,087</u>	<u>\$ 72,194</u>

The Center of Anna Maria Island, Inc.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

12. 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.

Endowment Net Asset Composition

The Center has the following endowment net asset composition by type of fund as of June 30, 2023:

	Without Donor Restriction	With Donor Restriction
Original donor restricted gift amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,090,338
Underwater endowment	-	(705,203)
Total Endowment Net Assets	<u>\$ -</u>	<u>\$ 385,135</u>

The Center has the following endowment net asset composition by type of fund as of June 30, 2022:

	Without Donor Restriction	With Donor Restriction
Original donor restricted gift amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,090,338
Underwater endowment	-	(739,536)
Total Endowment Net Assets	<u>\$ -</u>	<u>\$ 350,802</u>

Change in Endowment Net Assets

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

	2023	2022
Beginning of year	\$ 350,802	\$ 400,973
Investment returns	37,354	(47,377)
Transfers	15,000	15,000
Distributions	(17,750)	(13,734)
Fees	(271)	(4,060)
End of year	<u>\$ 385,135</u>	<u>\$ 350,802</u>

The Center of Anna Maria Island, Inc.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

12. Endowments (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. The Center has interpreted FUPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2023, funds with original gift values of \$1,090,338, fair values of \$385,135, and deficiencies of \$705,203 were reported in net assets with donor restrictions. At June 30, 2022, funds with original gift values of \$1,090,338, fair values of \$350,802, and deficiencies of \$739,536 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.

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 \$306,145 and \$313,053 at June 30, 2023 and 2022, respectively.

Spending Policy and How the Investment Objectives Relate to Spending Policy

See Note 4.

13. Contingencies

The Center's operations are reliant on income from grants and contributions to subsidize programing and administrative costs. While the Center continues to refine and implement initiatives focused on improving cash flows, a significant shortfall in cash flow may impact the Center's ability to provide certain programs, activities or other community support programs.

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 \$2,308 and \$1,914 to the plan for the years ended June 30, 2023 and 2022, respectively.

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 of Anna Maria Island, Inc.

Notes to Financial Statements (Continued)

June 30, 2023 and 2022

15. Concentration of Economic and Credit Risk (Continued)

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. Subsequent Events

The Center has evaluated all events subsequent to the statement of financial position date of June 30, 2023 through the date these financial statements were available to be issued, February 28, 2024, and have determined that there are no subsequent events that require disclosure.