

# **The Center of Anna Maria Island, Inc.**

Financial Statements and  
Independent Auditor's Report  
June 30, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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 Barbano & Co.*

Sarasota, Florida  
February 5, 2025

# The Center of Anna Maria Island, Inc.

## Statements of Financial Position June 30, 2024 and 2023

<b>Assets</b>	<b>2024</b>	<b>2023</b>
Current Assets:		
Cash and cash equivalents	\$ 380,769	\$ 404,460
Contributions, grants and other receivables	5,086	3,219
Prepaid expenses and other	128,419	13,183
Total current assets	<u>514,274</u>	<u>420,862</u>
Long-term Assets:		
Beneficial interest in net assets of the Manatee Community Foundation	530,357	463,765
Beneficial interest in perpetual trust	317,656	306,145
Building, improvements and equipment, net	3,110,665	3,172,468
Right-of-use lease asset	-	10,740
Total long-term assets	<u>3,958,678</u>	<u>3,953,118</u>
Total Assets	<u>\$ 4,472,952</u>	<u>\$ 4,373,980</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 99,692	\$ 95,771
Deferred revenue	137,984	133,026
Short-term lease liability	-	10,991
Long-term debt, current portion	3,455	3,361
Total current liabilities	<u>241,131</u>	<u>243,149</u>
Long-term debt, net of current portion	<u>146,545</u>	<u>146,639</u>
Total Liabilities	<u>387,676</u>	<u>389,788</u>
Net Assets:		
Without donor restrictions		
Undesignated	126,598	41,814
Invested in property and equipment, net	3,110,665	3,172,468
Total net assets without donor restrictions	<u>3,237,263</u>	<u>3,214,282</u>
With donor restrictions		
Time and purpose restriction	398,862	384,775
Perpetual in nature	1,090,338	1,090,338
Underwater endowment	(641,187)	(705,203)
Total net assets with donor restrictions	<u>848,013</u>	<u>769,910</u>
Total net assets	<u>4,085,276</u>	<u>3,984,192</u>
Total Liabilities and Net Assets	<u>\$ 4,472,952</u>	<u>\$ 4,373,980</u>

See accompanying notes to financial statements.

# The Center of Anna Maria Island, Inc.

Statement of Activities  
Year Ended June 30, 2024

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support and Revenue:			
Contributions and grants	\$ 240,054	\$ 164,659	\$ 404,713
Program service fees	901,155	-	901,155
Government organizations	25,000	-	25,000
In-kind revenue	105,000	-	105,000
Other	22,549	-	22,549
Change in value of beneficial interest in perpetual trust	-	26,511	26,511
Change in value of beneficial interest in net assets of the Manatee Community Foundation	-	56,933	56,933
Total support and revenue	<u>1,293,758</u>	<u>248,103</u>	<u>1,541,861</u>
Net assets released from restrictions	<u>170,000</u>	<u>(170,000)</u>	<u>-</u>
Special events revenue	581,039	-	581,039
Less direct costs	<u>(344,313)</u>	<u>-</u>	<u>(344,313)</u>
Net revenue from special events	<u>236,726</u>	<u>-</u>	<u>236,726</u>
Total support, revenue and reclassifications	<u>1,700,484</u>	<u>78,103</u>	<u>1,778,587</u>
Expenses:			
Program services	1,241,350	-	1,241,350
Fundraising	285,177	-	285,177
Management and general	<u>150,976</u>	<u>-</u>	<u>150,976</u>
Total expenses	<u>1,677,503</u>	<u>-</u>	<u>1,677,503</u>
Change in net assets	22,981	78,103	101,084
Net assets - beginning of year	3,214,282	769,910	3,984,192
Net assets - end of year	<u>\$ 3,237,263</u>	<u>\$ 848,013</u>	<u>\$ 4,085,276</u>

See accompanying notes to financial statements.

# The Center of Anna Maria Island, Inc.

Statement of Activities  
Year Ended June 30, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
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.

## Statements of Cash Flows Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ <u>101,084</u>	\$ <u>(247,270)</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	150,889	154,894
Non-cash lease adjustment	(251)	251
Change in value of beneficial interest of perpetual trust	(26,511)	(8,092)
Change in value of beneficial interest in net assets of Manatee Community Foundation	(56,933)	(40,533)
Change in operating assets:		
Contributions, grants and other receivables	(1,867)	(321)
Prepaid expenses and other	(115,236)	(965)
Change in operating liabilities:		
Accounts payable and accrued expenses	3,921	(912)
Deferred revenue	4,958	69,449
Total adjustments	<u>(41,030)</u>	<u>173,771</u>
Net cash provided by (used in) operating activities	<u>60,054</u>	<u>(73,499)</u>
Cash flows from investing activities:		
Capital expenditures	<u>(89,086)</u>	<u>(190,690)</u>
Net cash used in investing activities	<u>(89,086)</u>	<u>(190,690)</u>
Cash flows from financing activities:		
Transfers to funds held at the Manatee Community Foundation	(38,832)	(29,900)
Distributions received from funds held at the Manatee Community Foundation	29,173	19,482
Distributions received from perpetual trust	15,000	15,000
Net cash provided by financing activities	<u>5,341</u>	<u>4,582</u>
Change in cash and cash equivalents	(23,691)	(259,607)
Cash and cash equivalents - beginning of year	404,460	664,067
Cash and cash equivalents - end of year	\$ <u><u>380,769</u></u>	\$ <u><u>404,460</u></u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ <u><u>7,692</u></u>	\$ <u><u>3,846</u></u>

See accompanying notes to financial statements.



# The Center of Anna Maria Island, Inc.

## Statement of Functional Expenses

Year Ended June 30, 2024

	<b>Program Services</b>	<b>Fund Raising</b>	<b>Management and General</b>	<b>Total</b>
Wages	\$ 413,252	\$ 94,936	\$ 50,260	\$ 558,448
Payroll taxes	33,572	7,713	4,083	45,368
Employee benefits	64,706	14,865	7,871	87,442
Total wages and related expenses	<u>511,530</u>	<u>117,514</u>	<u>62,214</u>	<u>691,258</u>
Supplies and other program expenses	260,027	59,736	31,625	351,388
Rent expense - land	40,700	9,350	4,950	55,000
Occupancy	27,514	6,321	3,346	37,181
Insurance	40,983	9,415	4,984	55,382
Travel and gas	3,855	886	469	5,210
Building and grounds maintenance	109,232	25,094	13,285	147,611
Professional fees	43,892	10,083	5,338	59,313
Office and small equipment expenses	1,225	282	149	1,656
Marketing and public relations	22,059	5,068	2,683	29,810
Other	37,402	8,592	4,549	50,543
Printing and publications	7,902	1,815	961	10,678
Dues and licenses	9,631	2,213	1,171	13,015
Interest expense	<u>5,793</u>	<u>1,331</u>	<u>705</u>	<u>7,829</u>
Total functional expenses before depreciation and amortization	1,121,745	257,700	136,429	1,515,874
Depreciation and amortization	<u>119,605</u>	<u>27,477</u>	<u>14,547</u>	<u>161,629</u>
Total functional expenses	<u>\$ 1,241,350</u>	<u>\$ 285,177</u>	<u>\$ 150,976</u>	<u>\$ 1,677,503</u>

See accompanying notes to financial statements.

# The Center of Anna Maria Island, Inc.

## Statement of Functional Expenses Year Ended June 30, 2023

	<b>Program Services</b>	<b>Fund Raising</b>	<b>Management and General</b>	<b>Total</b>
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.**

## **Notes to Financial Statements**

**June 30, 2024 and 2023**

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### **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, 2024 and 2023

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### **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, 2024 and 2023, 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, 2024 and 2023

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### **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, 2024 and 2023, 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, the City of Anna Maria directly paid \$50,000 to a vendor on behalf of the Center to assist with replacing air conditioner units during the year ended June 30, 2024. In-kind revenue totaled \$105,000 and \$55,000 for the years ended June 30, 2024 and 2023, respectively.

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.

# The Center of Anna Maria Island, Inc.

## Notes to Financial Statements (Continued)

June 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (Continued)

#### 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, 2021 through June 30, 2024.

#### Leases

The Center recognizes most leases on its 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. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statement of functional expenses.

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.

The Center made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, 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.

### 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:

	2024	2023
Cash and cash equivalents	\$ 380,769	\$ 404,460
Contributions, grants and other receivables	5,086	3,219
Total financial assets available	<u>385,855</u>	<u>407,679</u>
Less: Financial assets unavailable for general expenditure due to:		
Purpose restriction	<u>-</u>	<u>-</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 385,855</u>	<u>\$ 407,679</u>

## **The Center of Anna Maria Island, Inc.**

### **Notes to Financial Statements (Continued)**

**June 30, 2024 and 2023**

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#### **3. Liquidity and Availability (Continued)**

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, 2024 and 2023, the balance of this fund totaled \$111,979 and \$70,496, respectively. During the years ended June 30, 2024 and 2023, there were no distributions taken from the fund. During the years end June 30, 2024 and 2023, the Center transferred \$30,000 and \$15,000 to this fund, respectively.

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, 2024 and 2023, the balance of this fund totaled \$337,172 and \$314,639, respectively. During the years ended June 30, 2024 and 2023, the Center received distributions of \$14,173 and \$14,482, 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, 2024 and 2023, the Center transferred to this fund \$8,832 and \$14,900 from donors that are restricted for scholarships, respectively. As of June 30, 2024 and 2023, the balance of this fund totaled \$81,206 and \$78,630, respectively. During the years ended June 30, 2024 and 2023, the Center disbursed \$15,000 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, 2024 and 2023 totaled \$530,357 and \$463,765, respectively.

# The Center of Anna Maria Island, Inc.

## Notes to Financial Statements (Continued)

June 30, 2024 and 2023

### 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.

Description	Balance 6/30/2024	Level 1	Level 2	Level 3	Valued using net asset value
Beneficial interest in net assets of the Manatee Community Foundation	\$ 530,357	\$ 526,555	\$ -	\$ -	\$ 3,802
Beneficial interest in perpetual trust	317,656	-	-	317,656	-
Total assets at fair value	\$ 848,013	\$ 526,555	\$ -	\$ 317,656	\$ 3,802

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	\$ 769,910	\$ 459,561	\$ -	\$ 306,145	\$ 4,204



## The Center of Anna Maria Island, Inc.

### Notes to Financial Statements (Continued)

June 30, 2024 and 2023

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

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, 2024 and 2023:

Balance - June 30, 2022	\$	313,053
Distributions		(15,000)
Change in value		8,092
Balance - June 30, 2023		306,145
Distributions		(15,000)
Change in value		26,511
Balance - June 30, 2024	\$	<u>317,656</u>

#### 6. Building, Improvements and Equipment

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

	2024	2023
Building and improvements	\$ 5,022,347	\$ 5,022,347
Grounds improvements	280,590	214,179
Equipment	305,356	282,681
Vehicles	73,485	73,485
	<u>5,681,778</u>	<u>5,592,692</u>
Less: accumulated depreciation	<u>(2,571,113)</u>	<u>(2,420,224)</u>
Total building, improvements and equipment, net	<u>\$ 3,110,665</u>	<u>\$ 3,172,468</u>

Depreciation expense for the years ended June 30, 2024 and 2023 totaled \$150,889 and \$154,894, respectively.

#### 7. Long-Term Debt

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:

2025	\$	3,455
2026		3,551
2027		3,650
2028		3,752
2029		3,856
Thereafter		<u>131,736</u>
Total	\$	<u>150,000</u>

Interest expense totaled \$4,370 and \$4,413 for the years ended June 30, 2024 and 2023, respectively. Unpaid accrued interest on this loan totaled \$5,655 and \$9,038 as of June 30, 2024 and 2023, respectively, and is included in accounts payable and accrued expenses on the accompanying statement of financial position.

## The Center of Anna Maria Island, Inc.

### Notes to Financial Statements (Continued)

June 30, 2024 and 2023

#### 8. Leases

The Center leased 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

Short-term lease expense		2,696
Total	\$	<u>18,322</u>

##### Other Information:

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

ROU assets obtained in exchange for new finance lease liabilities 23,242

Weighted-average remaining lease term in years for finance leases 0.75

Weighted-average discount rate for finance leases 5.50%

#### 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:

	<u>2024</u>	<u>2023</u>
Time and purpose restriction:		
Purpose restriction:		
Purpose restricted funds	\$ -	\$ -
Scholarships	81,206	78,630
Time restriction:		
Beneficial interest in perpetual trust	<u>317,656</u>	<u>306,145</u>
Total time and purpose restriction	<u>398,862</u>	<u>384,775</u>
Restricted in perpetuity for endowment	1,090,338	1,090,338
Underwater endowment	<u>(641,187)</u>	<u>(705,203)</u>
Total net assets with donor restriction	\$ <u>848,013</u>	\$ <u>769,910</u>

# The Center of Anna Maria Island, Inc.

## Notes to Financial Statements (Continued)

June 30, 2024 and 2023

### 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:

	2024	2023
Intuitive Foundation	\$ -	\$ 25,440
Intuitive Marketing	-	8,600
Van Zandt Scholarship	15,000	5,000
ELC Grants	-	91,316
Other	155,000	57,731
	<u>\$ 170,000</u>	<u>\$ 188,087</u>

### 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, 2024:

	Without Donor Restriction	With Donor Restriction
Original donor restricted gift amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,090,338
Underwater endowment	-	(641,187)
Total Endowment Net Assets	<u>\$ -</u>	<u>\$ 449,151</u>

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 of Anna Maria Island, Inc.

### Notes to Financial Statements (Continued)

June 30, 2024 and 2023

#### 12. Endowments (Continued)

##### Change in Endowment Net Assets

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

	2024	2023
Beginning of year	\$ 385,135	\$ 350,802
Investment returns	52,095	37,354
Transfers	30,000	15,000
Distributions	(14,173)	(17,750)
Fees	(3,906)	(271)
End of year	\$ 449,151	\$ 385,135

##### 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, 2024, funds with original gift values of \$1,090,338, fair values of \$449,151, and deficiencies of \$641,187 were reported in net assets with donor restrictions. 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.

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 \$317,656 and \$306,145 at June 30, 2024 and 2023, 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.

## **The Center of Anna Maria Island, Inc.**

### **Notes to Financial Statements (Continued)**

**June 30, 2024 and 2023**

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#### **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 \$4,297 and \$2,308 to the plan for the years ended June 30, 2024 and 2023, 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 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, 2024 through the date these financial statements were available to be issued, February 5, 2025, and have determined that there are no subsequent events that require disclosure.