

**SAVE THE MANATEE CLUB, INC**

**AUDITED  
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2018 AND DECEMBER 31, 2017**

**FRANK J. GUIDA C. P. A., P. A.**

# SAVE THE MANATEE CLUB, INC

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# ***Frank J. Guida*** - *Certified Public Accountant*

*Frank J. Guida C.P.A., P.A.*

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## **Independent Auditor's Report**

Board of Trustees  
Save the Manatee Club, Inc  
Maitland, FL

We have audited the accompanying financial statement of Save the Manatee Club, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2018 and 2017 and the related statements of activities, changes in net assets, cash flows and functional expenses for the years then ended and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Save the Manatee Club, Inc. as of December 31, 2018 and 2017, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Frank J Guida CPA, PA*

Frank J. Guida C.P.A., P.A.  
Maitland, Florida  
September 24, 2019

# SAVE THE MANATEE CLUB

## STATEMENT OF FINANCIAL POSITION

as of

December 31, 2018 and December 31, 2017

	<b>ASSETS</b>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Cash and cash equivalents	\$ 360,045	\$ 476,554
Receivables	1,572	763
Inventory	23,057	23,283
Prepaid expenses	85,099	82,232
<b>Total current assets</b>	<b>469,773</b>	<b>582,832</b>
Investments	1,077,441	972,496
Donated Land (held for sale)	13,360	11,450
Equipment (less accumulated depreciation of 118,201 and 109,868 )	15,431	23,763
Deposits and other assets	2,200	2,200
<b>Total Assets</b>	<b>\$ 1,578,205</b>	<b>\$ 1,592,741</b>

## LIABILITIES AND NET ASSETS

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	91,701	\$ 91,594
<b>Total current liabilities</b>	<b>91,701</b>	<b>91,594</b>
<b>NET ASSETS</b>		
Without donor restrictions	1,102,261	1,157,186
With donor restrictions	384,243	343,961
<b>Total net assets</b>	<b>1,486,504</b>	<b>1,501,147</b>
<b>Total Liabilities and Net Assets</b>	<b>1,578,205</b>	<b>\$ 1,592,741</b>

# SAVE THE MANATEE CLUB

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED

December 31, 2018

	Without	With Donor	Total
Public Support and Revenue:	Donor Restrictions	Restrictions	
Memberships	\$ 337,069		337,069
Contributions	743,263	68,946	812,209
Contributions-In Kind	604,908		604,908
Grants	48,125	-	48,125
Merchandise sales	111,038		111,038
Investment income, net	(14,632)		(14,632)
Other income	2,821		2,821
Net assets released from restrictions			
Satisfaction of program expenditure restrictions	28,664	(28,664)	-
Satisfaction of equipment acquisition restriction:	-		-
<b>Total Support and Revenue</b>	<b>1,861,256</b>	<b>40,282</b>	<b>1,901,538</b>
<b>Expenses and Losses:</b>			
Program services:			
Conservation	328,865		328,865
Education and advocacy	792,344		792,344
Governmental liason	33,128		33,128
Membership services	340,805		340,805
Manatee merchandise (including cost of merchandise of \$ 49,949)	117,773		117,773
<b>Total program expenses</b>	<b>1,612,915</b>	<b>-</b>	<b>1,612,915</b>
Supporting services:			
Administration	132,109		132,109
Fundraising	171,157		171,157
<b>Total Supporting Services</b>	<b>303,266</b>	<b>-</b>	<b>303,266</b>
<b>Total Expenses</b>	<b>1,916,181</b>	<b>-</b>	<b>1,916,181</b>
<b>Increase in Net Assets</b>	<b>(54,925)</b>	<b>40,282</b>	<b>(14,643)</b>

# SAVE THE MANATEE CLUB

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED  
December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public Support and Revenue:</b>			
Memberships	\$ 321,668		321,668
Contributions	862,256	89,754	952,010
Contributions-In Kind	2,066,386		2,066,386
Grants	40,320	-	40,320
Merchandise sales	99,838		99,838
Investment income, net	54,488		54,488
Other income	1,234		1,234
Net assets released from restrictions			
Satisfaction of program expenditure restrictions	64,857	(64,857)	-
Satisfaction of equipment acquisition restriction:	-		-
<b>Total Support and Revenue</b>	<b>3,511,047</b>	<b>24,897</b>	<b>3,535,944</b>
Expenses and Losses:			
Program services:			
Conservation	410,648		410,648
Education and advocacy	1,845,843		1,845,843
Governmental liason	12,997		12,997
Membership services	477,700		477,700
Manatee merchandise (including cost of merchandise of \$ 40,428)	104,707		104,707
<b>Total program expenses</b>	<b>2,851,895</b>	<b>-</b>	<b>2,851,895</b>
Supporting services:			
Administration	159,752		159,752
Fundraising	263,523		263,523
<b>Total Supporting Services</b>	<b>423,275</b>	<b>-</b>	<b>423,275</b>
<b>Total Expenses</b>	<b>3,275,170</b>	<b>-</b>	<b>3,275,170</b>
<b>Increase in Net Assets</b>	<b>235,877</b>	<b>24,897</b>	<b>260,774</b>

# SAVE THE MANATEE CLUB

## STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED  
December 31, 2018

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	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Net assets at beginning of year</b>	<b>\$ 1,157,186</b>	<b>\$ 343,961</b>	<b>\$ 1,501,147</b>
Contributions and grants	743,263	68,946	812,209
Other Revenues	1,089,329		1,089,329
Program expenditures	(1,584,250)	(28,664)	(1,612,914)
Administration and Fundraising	(303,266)		(303,266)
Asset purchases to satisfy donor restrictions	-	-	-
Net Change in Net Assets	<u>(54,924)</u>	<u>40,282</u>	<u>(14,642)</u>
<b>Net assets at end of year</b>	<b><u>\$ 1,102,261</u></b>	<b><u>\$ 384,243</u></b>	<b><u>\$ 1,486,504</u></b>



**SAVE THE MANATEE CLUB**  
**STATEMENT OF CASH FLOWS**

**FOR THE YEARS ENDED**  
**December 31, 2018 and December 31, 2017**

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
<b>CASH FLOWS FROM PROGRAM AND OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (14,643)	\$ 260,774
<b>Adjustments to reconcile change in net assets to net cash used by program and operating activities:</b>		
Depreciation	8,333	8,924
Contributed Securities and fixed assets	(4,716)	(8,237)
Reinvested Dividends	(52,172)	(31,284)
Realized and Unrealized (gain) or losses	67,532	(20,209)
(Increase) Decrease in:		
Receivables	(809)	2,336
Prepaid expenses	(2,867)	(18,594)
Inventory	226	5,690
Increase (Decrease) in:		
Payables and accrued	107	674
<b>Net cash (used) provided by operating activities</b>	<b>991</b>	<b>200,073</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Transfers (to) from Investments to operating account	(117,500)	(168,000)
Purchase of equipment	-	(7,043)
<b>Net cash (used) provided from investing activities</b>	<b>(117,500)</b>	<b>(175,043)</b>
<b>Net increase (decrease) in cash</b>	(116,509)	25,029
<b>Cash at beginning of year</b>	476,554	451,525
<b>Cash at the end of the year</b>	<b>\$ 360,045</b>	<b>\$ 476,554</b>

# SAVE THE MANATEE CLUB

## STATEMENT OF FUNCTIONAL EXPENSES

as of  
December 31, 2018

	Program Services					Support Services			Total
	Conservation Restricted	Conservation Unrestricted	Advocacy	Education	Governmental	Administrative	Membership	Fund Raising	
<b>Wages and benefits</b>	-	258,571	17,978	166,403	6,230	75,624	149,547	34,198	708,550
<b>Operating Expenses:</b>									
Direct Program Expenses	30,169	-	-	-	-	-	-	-	30,169
Depreciation	-	3,818	206	3,054	70	70	1,045	70	8,333
Insurance	-	2,652	1,395	2,790	-	1,395	2,790	1,395	12,417
Merchandise and catalog supplies	-	-	-	-	-	-	49,949	-	49,949
Printing, postage and supplies	-	150	22	51,530	22	1,883	113,656	9,856	177,119
Professional fees and government relation:	12,555	(4,366)	1,905	9,153	19,380	2,544	8,170	2,530	51,871
Rent	-	14,160	4,309	16,007	-	6,156	19,085	1,847	61,564
Subscription and computer services	-	10,423	7,666	25,969	4,436	15,909	27,102	8,554	100,058
Other office and overhead	-	732	1,509	13,736	2,990	13,289	26,756	52,230	111,243
<b>Total Operating Expenses</b>	<b>42,724</b>	<b>27,569</b>	<b>17,013</b>	<b>122,239</b>	<b>26,898</b>	<b>41,246</b>	<b>248,552</b>	<b>76,481</b>	<b>602,723</b>
<b>Total expenses without InKind</b>	<b>42,724</b>	<b>286,140</b>	<b>34,991</b>	<b>288,642</b>	<b>33,128</b>	<b>116,870</b>	<b>398,098</b>	<b>110,679</b>	<b>1,311,273</b>
PSA inkind	-	-	-	468,711	-	15,239	60,479	60,479	604,908
<b>Total Expenses</b>	<b>42,724</b>	<b>286,140</b>	<b>34,991</b>	<b>757,353</b>	<b>33,128</b>	<b>132,109</b>	<b>458,577</b>	<b>171,157</b>	<b>1,916,181</b>

# SAVE THE MANATEE CLUB

## STATEMENT OF FUNCTIONAL EXPENSES

as of  
December 31, 2017

	Program Services					Support Services			Total
	Conservation Restricted	Conservation Unrestricted	Advocacy	Education	Governmental	Administrative	Membership	Fund Raising	
<b>Wages and benefits</b>	-	271,390	17,719	133,276	5,768	63,441	120,564	28,181	640,339
<b>Operating Expenses:</b>									
Direct Program Expenses	70,261	-	-	-	-	-	-	-	70,261
Depreciation	-	4,089	221	3,271	75	75	1,119	75	8,924
Insurance	-	2,961	1,384	2,768	-	2,395	1,757	1,384	12,649
Merchandise and catalog supplies	-	-	-	-	-	-	40,428	-	40,428
Printing, postage and supplies	-	420	86	38,602	-	1,387	100,029	7,652	148,177
Professional fees and government re	12,770	(5,229)	1,597	16,321	19,597	8,284	13,511	3,890	70,742
Rent	-	26,893	4,092	1,754	-	5,846	18,124	1,754	58,464
Subscription and computer services	-	9,791	7,542	22,922	4,281	23,475	34,711	8,176	110,898
Other office and overhead	-	(24,049)	1,101	15,167	1,277	3,063	30,488	20,837	47,883
<b>Total Operating Expenses</b>	<b>83,031</b>	<b>14,876</b>	<b>16,024</b>	<b>100,805</b>	<b>25,230</b>	<b>44,525</b>	<b>240,167</b>	<b>43,767</b>	<b>568,425</b>
<b>Total expenses without InKind</b>	<b>83,031</b>	<b>286,267</b>	<b>33,742</b>	<b>234,082</b>	<b>30,997</b>	<b>107,966</b>	<b>360,731</b>	<b>71,948</b>	<b>1,208,764</b>
PSA inkind	-	-	-	1,601,368	-	51,766	206,626	206,626	2,066,386
<b>Total Expenses</b>	<b>83,031</b>	<b>286,267</b>	<b>33,742</b>	<b>1,835,450</b>	<b>30,997</b>	<b>159,733</b>	<b>567,356</b>	<b>278,573</b>	<b>3,275,150</b>

# Save the Manatee Club, Inc.

## Notes to The Financial Statements

December 31, 2018 and December 31, 2017

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### 1. Significant Accounting Policies

*Organization,* Save the Manatee Club, Inc. (the "Organization") is a membership-based organization whose purpose is public education, conservation, and advocacy for the endangered manatee. The Organization is located in Maitland, Florida, but its membership and activities are national in scope. The Organization's primary source of support is contributions from those interested in the cause.

*Basis of Accounting* The Organization prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for NFPs. The significant accounting and reporting policies used by the organization are described to enhance the usefulness and understandability of the financial statements.

*Basis of Presentation- Net Assets* The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

*Net Assets With Donor Restrictions:* The net assets subject to donor-imposed restrictions include donor-restricted contributions related to time, specific events, programs, income from endowment contributions which can only be expended as stipulated by the donor, including contributions and grants that are unexpended related to land, building, and equipment, and endowment funds from contributed assets which have donor-imposed restrictions.

*Net Assets Without Donor Restrictions:* The net assets not subject to donor-imposed restrictions, including transactions received for general operation purposes as determined by the Board of Trustees and carried out by the administration. From time to time, the Board may designate a portion of the net assets without donor restrictions for specific purposes which makes them unavailable for use at managements discretion. Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets are limited by donor-imposed restrictions.

*Reclassifications:* Certain prior year amounts have been reclassified to correspond to the current year presentation

# Save the Manatee Club, Inc.

## Notes to The Financial Statements

December 31, 2018 and December 31, 2017

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### Significant Accounting Policies (continued)

*Contributions* See Note 4 for more information on the composition of net assets with donor restrictions  
*(continued)*

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in Net Assets Without Donor Restrictions unless use of the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in Net Assts with Donor Restrictions, consistent with the nature of the restriction.

Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as Net Assets With Donor Restrictions until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year.

Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

*Contributed Services and Facilities* The organization periodically receives contributions in a form other than cash or investments. If the organization receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the organization's capitalization policy. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. Donated supplies are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed.

The organization also benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the organization's program operations and administrative duties. The majority of the contributed services do not meet the criteria for recognition in financial statements. GAAP allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

# Save the Manatee Club, Inc.

## Notes to The Financial Statements

December 31, 2018 and December 31, 2017

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### Significant Accounting Policies (continued)

*Grants, Contracts and Deferred Revenue* Revenue from Grants or Contracts are recognized as revenue when (or as) the performance obligation is satisfied. If a Grant is received with no restriction on the time or use of the funds, the revenue will be recognized immediately. If the Grant contract requires a performance of service or is conditional, revenue is recognized once the performance obligation or service is completed. Grant Funds received related to uncompleted performance or service obligations are recorded as deferred revenue until such time the performance or service is completed.

*Use of Estimates* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that 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 reporting period. Actual results could differ from those estimates.

*Cash Equivalents and Concentration of Credit Risk* For purposes of reporting cash flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less and which are not subject to withdrawal restrictions or penalties, as cash and cash equivalents on the accompanying balance sheet. Cash and cash equivalents do not include cash restricted by donors.

The Organization maintains deposits in financial institutions which insure their deposits with the FDIC. Periodically bank balances may exceed the FDIC insurance limit and as such, not all bank balances would be covered by such insurance. This presents a credit risk to the Organization.

*Investments-* Investments are composed of stocks, bonds, mutual funds and/or money market funds. Investments are reported at fair value. The fair value for investments in equity securities traded on national securities exchanges is determined by the closing price on the last business day of the fiscal year; securities traded on the over-the-counter market are valued at the last reported bid price.

The fair value of shares in exchange-traded funds is determined by the closing price on the last business day of the fiscal year. The fair value of open-end mutual fund units is determined by the published net asset value per unit at the end of the last trading day of the fiscal year.

Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

# Save the Manatee Club, Inc.

## Notes to The Financial Statements

December 31, 2018 and December 31, 2017

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### Significant Accounting Policies (continued)

*Fair Value Measurements* The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- *Level 1.* Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- *Level 2.* Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly, corroborated by, observable market data by correlation or by other means.
- *Level 3.* Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018.

*Money market fund:* Carrying value approximates fair value because of liquidity.

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

*Common stocks and exchange traded funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

# Save the Manatee Club, Inc.

## Notes to The Financial Statements

December 31, 2018 and December 31, 2017

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### Significant Accounting Policies (continued)

*Fair Value Measurements (continued)*      *Corporate bonds:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date

*Vehicle and Equipment*      Vehicle and equipment is recorded at cost. Depreciation is calculated by the straight-line method. Contributed assets are recorded at their estimated fair value at the date of contribution. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Repairs and maintenance are expensed as incurred.

*Donated Land Held for Sale*      Donated land (held for sale) consists of land located in Lake Placid, Florida, and is stated at the lower of current estimated fair value or estimated fair value at the date of contribution.

*Long-Lived Assets*      The Organization evaluates the recoverability of long-lived assets whenever events or changes in circumstances indicate that an asset's carrying amount may not be recoverable. Such long-lived assets are grouped with other assets to the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities, and the carrying value of the asset group is compared to the estimated future net undiscounted cash flows expected to result from the use of the asset group, including cash flows from disposition. Should the sum of the expected future net undiscounted cash flows be less than the carrying value, the Organization would recognize an impairment loss at that date. An impairment loss would be measured by comparing the amount by which the carrying value exceeds the fair value of the long-lived assets.



# Save the Manatee Club, Inc.

## Notes to The Financial Statements

December 31, 2018 and December 31, 2017

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*Inventory* Inventory, consisting of educational and promotional merchandise held for sale, is carried at the lower of cost or market or net realizable value.

*Leases* Leases meeting appropriate criteria are capitalized and amortized on the straight-line method using lives approximating those of similar purchased assets, or the lease term, if shorter. Rental payments under all leases classified as operating leases are expensed as incurred.

*Income Taxes* The Organization is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

Accounting principles generally accepted in the United States of America prescribe requirements for the recognition of income taxes in financial statements, and the amounts recognized are affected by income tax positions taken by the Organization in its tax returns. The Organization's position that it is tax exempt under Section 501(c)(3), and its position that none of its income is unrelated business taxable income, are defined as tax positions under these requirements. While management believes, it has complied with the Internal Revenue Code, the sustainability of some income tax positions taken by the Organization in its tax returns may be uncertain.

There are minimum thresholds of likelihood that uncertain tax positions are required to meet before being recognized in the financial statements. Management does not believe that the Organization has any material uncertain tax positions at December 31, 2018.

In the event interest and penalties were due relating to an unsustainable tax position, they would be treated as a component of income tax expense.

The Organization's federal income tax returns are subject to examination by the Internal Revenue Service. At December 31, 2018, income tax returns for the years 2015 through 2017 are subject to examination

# Save the Manatee Club, Inc.

## Notes to The Financial Statements

December 31, 2018 and December 31, 2017

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### Recent accounting pronouncements:

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*". The guidance in this ASU supersedes the leasing guidance in Topic 840, "*Leases*". Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019. The Organization is evaluating the impact of adoption of the new standard will have on the Organization's financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which affects all nonprofit organizations. The ASU significantly amends the standards for the presentation and accompanying disclosures of the financial statements of nonprofit organizations. The ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted. A summary of some of the main provisions of the update require Not-for-Profit ("NFP") Entities to:

1. Present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes. That is, an NFP will report amounts for net assets with donor restrictions and net assets without donor restrictions, as well as the currently required amount for total net assets.
2. Present on the face of the statement of activities the amount of the change in each of the two classes of net assets (noted in item 1) rather than that of the currently required three classes. An NFP would continue to report the currently required amount of the change in total net assets for the period.
3. Continue to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting but no longer require the presentation or disclosure of the indirect method (reconciliation) if using the direct method.
4. Provide the following enhanced disclosures about:
  - a. Amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits on the use of resources without donor-imposed restrictions as of the end of the period.
  - b. Composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources.
  - c. Qualitative information that communicates how an NFP manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet date.

# Save the Manatee Club, Inc.

## Notes to The Financial Statements

December 31, 2018 and December 31, 2017

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### Recent accounting pronouncements:

d. Quantitative information, either on the face of the balance sheet or in the notes, and additional qualitative information in the notes as necessary, that communicates the availability of an NFP's financial assets at the balance sheet date to meet cash needs for general expenditures within one year of the balance sheet date. Availability of a financial asset may be affected by (1) its nature, (2) external limits imposed by donors, grantors, laws, and contracts with others, and (3) internal limits imposed by governing board decisions.

e. Amounts of expenses by both their natural classification and their functional classification. That analysis of expenses is to be provided in one location, which could be on the face of the statement of activities, as a separate statement, or in notes to financial statements.

f. Method(s) used to allocate costs among program and support functions.

g. Underwater endowment funds, which include required disclosures of

- (1) an NFP's policy, and any actions taken during the period, concerning appropriation from underwater endowment funds,
- (2) the aggregate fair value of such funds,
- (3) the aggregate of the original gift amounts (or level required by donor or law) to be maintained, and
- (4) the aggregate amount by which funds are underwater (deficiencies), which are to be classified as part of net assets with donor restrictions.

(5) Report investment return net of external and direct internal investment expenses and no longer require disclosure of those netted expenses.

(6) Use, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset and reclassify any amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption (thus eliminating the current option to release the donor-imposed restriction over the estimated useful life of the acquired asset).

The new guidance was effective beginning in 2018 and the Organization changed its presentation of net asset classes, added a statement of functional expenses and expanded the footnote disclosures in these financial statements as required by ASU 2016-14.

On June 21, 2018, the FASB completed its project on revenue recognition of grants and contracts by not-for-profit entities by issuing Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in the Update provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction.

# Save the Manatee Club, Inc.

## Notes to The Financial Statements

December 31, 2018 and December 31, 2017

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### Recent accounting pronouncements:

Specifically, the amendments in the Update:

- Clarify how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction or a contribution
- Help an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome and (2) a right of return or release of obligation
- Modify the simultaneous release option currently in generally accepted accounting principles (GAAP), which allows a not-for-profit entity to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that revenue is recognized.

All Non-Public entities should apply the amendments to annual periods beginning after December 15, 2018. The Organization has determined that the new standard will have a nominal impact on their financial statements, and they have adopted the new guidance.

## 2. Investments

Investment activity for the fiscal year is as follows:

	<b>Tax Cost</b>	<b>Fair Value</b>
Investment assets at December 31, 2017	\$ 951,428	\$ 972,496
Investment Income (net of fees of \$3,213)		
Net gains (realized and unrealized)	-0-	(65,175)
Contributions	2,806	2,806
Transfers (to) from operating account	-0-	-0-
<b>Investment assets at December 31, 2018</b>	<b>\$ 1,118,627</b>	<b>\$ 1,077,440</b>

As discussed above, the organization is required to report its fair value measurements in one of three levels, which are based on the ability to observe in the marketplace the inputs to the organization's valuation techniques. Level 1, the most observable level of inputs, is for investments measured at quoted prices in active markets for identical investments as of the December 31, 2018. Level 2 is for investments measured using inputs such as quoted prices for similar assets, quoted prices for the identical asset in inactive markets, and for investments measured at net asset value (NAV) that can be redeemed in the near term. Level 3 is for investments measured using inputs that are unobservable and is used in situations for which there is little, if any, market activity for the investment. As of December 31, 2018, all investments were Level 1 and Level 2 investments and listed on active markets.

# Save the Manatee Club, Inc.

## Notes to The Financial Statements

December 31, 2018 and December 31, 2017

The following table summarizes the Level 1 and Level 2 investments as of December 31, 2018.

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash in Bank	\$ 1,735		\$ 1,738
Cash in Brokerage Account (a)	298,227		298,227
Certificates of Deposits	-0-	427,475	427,475
Stocks	76,206		76,206
Bonds	-0-		-0-
Mutual Funds			
Fixed Inc. Exchange Traded Fds	77,604		77,604
US and Global Equity Funds	196,194		196,194
Bond and Fixed Income Funds	-0-		-0-
<b>Total Investments</b>	<b>\$ 649,966</b>	<b>427,475</b>	<b>\$ 1,077,441</b>

(a) Cash includes permanently restricted endowment funds of \$202,363.

### 3. Equipment

Vehicle and equipment consist of the following at:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Vehicle	\$ 26,995	\$ 26,995
Office Equipment	46,688	46,688
Blue Springs Manatee Cam	49,109	49,109
Equipment under capital lease	10,839	10,839
<b>Total Cost</b>	<b>133,631</b>	<b>133,631</b>
Less accumulated depreciation	117,697	109,868
<b>Equipment, net</b>	<b>\$ 15,934</b>	<b>\$ 23,763</b>

# Save the Manatee Club, Inc.

## Notes to The Financial Statements

December 31, 2018 and December 31, 2017

### 4. Net Assets With Restriction

Temporarily restricted net assets consist of the following at December 31, 2018:

	<b>Beginning Balance</b>	<b>Donations,</b>	<b>Expenses and Restriction Releases</b>	<b>Funded by General Funds</b>	<b>Ending Balance</b>
<b>Donor Restricted for Asset Purchases:</b>					
Manatee Cam and other Equipment	<b>67,092</b>				<b>67,092</b>
<b>Donor Restricted for program expenditures:</b>					
Three Sisters Springs	335				335
Blue Springs State Park	-0-		(4,030)	4,030	-0-
Education & Technology	6,888	2,169	(11,615)	2,559	-0-
Emergency Rescue Fund	30,456	24,858	(665)		54,649
Homosassa Springs St Park	1,000				1,000
Intern Program	3,340		(1,500)		1,840
International Rescue Fund	-0-	3,535	(11,007)	7,472	-0-
Legal Fund	27,487	1,789	(12,555)		16,721
Manatee Rescue Partnership	5,000	30,000			35,000
Research & Conservation	-0-	6,595	(1,352)		-0-
Total Donor Restricted for Program Expenditures	<b>74,506</b>	<b>68,946</b>	<b>(42,724)</b>	<b>14,060</b>	<b>114,788</b>
<b>Not Subject to Appropriation or Expenditure:</b>					
Endowment Fund	<b>202,363</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>202,363</b>
<b>Total Net Assets with Donor Restrictions</b>	<b>343,961</b>	<b>68,946</b>	<b>(42,724)</b>	<b>14,060</b>	<b>384,243</b>

# Save the Manatee Club, Inc.

## Notes to The Financial Statements

December 31, 2018 and December 31, 2017

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### 5. Endowment Investments and Investment Policy:

#### Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the original gift amount of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment fund;
- The purposes of the Organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization; and
- The investment policies of the Organization.

As indicated in Note 2, Investments, a portion of the money market assets include the permanent restricted fund amount of \$202,363. No specific securities are being held as endowment assets. Rather the Organization reviews all of its investments and money market accounts in total when determining its investment policy. The Organization at all times maintains at least \$202,363 as part of its investment and money market portfolio. All earnings, if any, are considered released to unrestricted funds, since the earnings on the endowment fund may be used by the Organization for general operations.

#### Return Objectives and Risk Parameters

The Organization has adopted investment policies for endowment and investment assets that attempt to provide a predictable stream of funding to support the Organization's general operation, while seeking to preserve the fair value of the original gift as of the gift date of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment and investment assets are invested in a manner that is conservative, and assumes a minimal level of investment risk. The Organization expects its endowment and investment funds to provide a rate of return that at least approximates the highest prevailing interest rates available at local financial institutions.

# Save the Manatee Club, Inc.

## Notes to The Financial Statements

December 31, 2018 and December 31, 2017

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### Endowment Investments and Investment Policy (continued)

#### Strategies Employed for Achieving Objectives

To satisfy its investment and rate of return objectives, the Organization diversifies its investments in its endowment fund assets, as it does its other investments, between fixed income and equity securities. Investment returns are achieved on a total return basis through current income and capital appreciation.

#### Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization uses only the investment earnings of the endowment and investment fund for its general operations. This is consistent with the Organization's objective to preserve the fair value of the original gift as of the gift date of the endowment assets held in perpetuity.

#### 7. In-Kind Contributions:

In-kind contributions, primarily magazine and radio media advertising, during the year ended December 31, 2018 and 2017 are reflected in the accompanying statement of activities as follows:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Contributions	\$ 604,908	\$ 2,066,276
Expenses:		
Program Services:		
Education and outreach	468,711	1,601,368
Membership	60,479	206,626
Administration	15,213	51,656
Fundraising	60,479	206,626
	<b>\$ 604,908</b>	<b>\$ 2,066,276</b>

The Organization has multiple volunteers that provide both administrative support and conservation support. The organization had approximately 2,300 volunteers during the fiscal years 2018 and 2017. The volunteers spent 2,094 and 1,221 hours related to tabling events and presentations; and 854 and 372 hours related to office administration, during calendar years 2018 and 2017, respectively. As stated in Footnote 1, these contributed services do not meet the criteria for recognition in financial statements, however, the estimated average rate for volunteer time in Florida is \$24.04 for calendar year 2018 and \$23.33 for calendar year 2017, which would result in an estimated value of \$70,870 and \$37,165 for calendar years 2018 and 2017 respectively.



# Save the Manatee Club, Inc.

## Notes to The Financial Statements

December 31, 2018 and December 31, 2017

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### 8. Pension Plan

The Organization has a 403(b)-pension plan for the benefit of all eligible employees who are at least 21 years old and have three years of service. The Organization made contributions in the amount of \$31,337 during calendar year 2018 and \$25,501 to the plan during the calendar 2017.

### 9. Commitment and Contingencies:

The Organization leases office space and office equipment under noncancelable operating leases which expire in 2018. The office space is rented on an annual basis, expiring in February each year.

Future minimum lease payments under the leases at December 31, 2018, are as follows:

Year ending December 31:	
2019	76,833
2020	14,063
2021	13,616
2022	11,972
2023 and thereafter	364
	<u>116,848</u>

Total rent and lease expense for the year ended December 31, 2018 and 2017 amounted to approximately \$128,000 and \$133,000, respectively.

### 10. Concentrations:

Substantially all the Organization's financial resources are derived from members and other donors who are interested in preservation of the endangered manatee.

A concentration of credit risk exists at December 31, 2018, with regards to investments since this account is not subject to federal deposit insurance.

# Save the Manatee Club, Inc.

## Notes to The Financial Statements

December 31, 2018 and December 31, 2017

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### 11. Liquidity and Available Resources

The following schedule reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing in endowments, donor restricted funds and amounts restricted by the governing board for certain projects.

#### Financial assets, at year end:

Cash and cash equivalents	360,045
Investments and endowment accounts	1,077,441
Accounts Receivable	1,572
<b>Total Financial Assets available within one year</b>	<b>1,439,058</b>
<b>Contractual or donor-imposed restrictions:</b>	
Endowment accounts	(202,363)
Restricted by Donor with time or purpose restrictions	(181,880)
<b>Total Financial Assets after Donor restrictions</b>	<b>1,054,815</b>
<b>Board Designated Restriction</b>	<b>-0-</b>
Less Accounts payable and accrued expenses	(91,701)
<b>Net Financial Assets available to meet cash needs for general expenditures within one year</b>	<b>963,114</b>

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### 12. Litigation:

In furtherance of its manatee conservation and advocacy programs, the Organization is involved at times in administrative hearing, litigation, and other such proactive activities.

### 13. Subsequent Events:

The Organization has evaluated subsequent events for potential recognition and/or disclosure between the date of the financial statements and September 24, 2019 the date the financial statements were issued or available to be issued.