

1000 FRIENDS OF FLORIDA, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2013 and 2012

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MEMBERS

AMERICAN INSTITUTE OF
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FLORIDA INSTITUTE OF
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TBL
THOMSON BROCK
LUGER & COMPANY

Certified Public Accountants and Business Advisors

HAROLD A. BROCK, JR., C.P.A.
FRED C. LUGER, C.P.A.
MATTHEW R. HANSARD, C.P.A.
ANN MARIE BACHMAN, C.P.A.
RODNEY E. REAMS, C.P.A.

JOHN K. KIRK, C.P.A.
KELLY VAZQUEZ, C.P.A.

OF COUNSEL
W. FREDERICK THOMSON, C.P.A.

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of 1000 Friends of Florida, Inc. (a Florida non-profit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 1000 Friends of Florida, Inc. as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Thomson Brock & Company

August 20, 2014

1000 FRIENDS OF FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2013 and 2012

	<u>ASSETS</u>	
	<u>2013</u>	<u>2012</u>
Cash	\$ 410,959	\$ 433,205
Certificate of deposit	103,698	203,335
Accounts receivable	13,333	34
Investments	2,892	8,706
Prepaid expenses	10,638	7,640
Property and equipment, net	<u>9,978</u>	<u>13,012</u>
	<u>\$ 551,498</u>	<u>\$ 665,932</u>

<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	\$ -	\$ 17,690
Accrued annual leave	33,306	33,306
Capital lease obligation	-	2,247
Deferred revenue	<u>22,533</u>	<u>22,533</u>
	55,839	75,776
 Net Assets		
Unrestricted	435,492	510,185
Temporarily restricted	<u>60,167</u>	<u>79,971</u>
	<u>495,659</u>	<u>590,156</u>
	<u>\$ 551,498</u>	<u>\$ 665,932</u>

See accompanying notes.

1000 FRIENDS OF FLORIDA, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2013 and 2012

	2013	2012
UNRESTRICTED NET ASSETS REVENUE, GAINS AND OTHER SUPPORT		
Contributions	\$ 195,289	\$ 158,821
Grant contract revenue	100,467	134,292
Foundation contributions	108,353	117,365
Other income	4,887	5,507
Investment return	<u>3,228</u>	<u>3,156</u>
	412,224	419,141
Net assets released from restrictions	<u>149,034</u>	<u>350,697</u>
	561,258	769,838
 EXPENSES		
Program services	533,332	621,597
Management and general	54,787	45,137
Fund raising	<u>47,832</u>	<u>30,708</u>
Total expenses	<u>635,951</u>	<u>697,442</u>
 CHANGE IN UNRESTRICTED NET ASSETS	 (74,693)	 72,396
 TEMPORARILY RESTRICTED NET ASSETS		
Grant contract revenue	129,230	201,506
Net assets released from restrictions	<u>(149,034)</u>	<u>(350,697)</u>
 CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	 <u>(19,804)</u>	 <u>(149,191)</u>
 CHANGE IN NET ASSETS	 (94,497)	 (76,795)
 BEGINNING NET ASSETS, AS RESTATED	 <u>590,156</u>	 <u>666,951</u>
 ENDING NET ASSETS	 <u>\$ 495,659</u>	 <u>\$ 590,156</u>

See accompanying notes.

1000 FRIENDS OF FLORIDA, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (94,497)	\$ (76,795)
Adjustments to reconcile change in net assets to cash used in operating activities:		
Depreciation	4,263	3,036
Realized loss on investments	50	144
Donated securities	(19,034)	(20,810)
(Increase) decrease in assets:		
Accounts receivable	(13,299)	37,821
Prepaid expenses	(2,998)	(3,455)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(17,690)	13,157
Deferred revenue	<u>-</u>	<u>12,132</u>
 NET CASH USED IN OPERATING ACTIVITIES	 (143,205)	 (59,034)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds/(purchases) of certificate of deposit	99,637	(413)
Purchase of equipment and software	(1,229)	(1,635)
Proceeds from sale of investments	<u>24,798</u>	<u>11,960</u>
 NET CASH PROVIDED BY INVESTING ACTIVITIES	 123,206	 9,912
 CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of capital lease obligation	(2,247)	(3,420)
 NET CASH USED IN FINANCING ACTIVITIES	 (2,247)	 (3,420)
 NET DECREASE IN CASH	 (22,246)	 (52,542)
 CASH AT BEGINNING OF YEAR	 <u>433,205</u>	 <u>485,747</u>
 CASH AT END OF YEAR	 <u>\$ 410,959</u>	 <u>\$ 433,205</u>
 NONCASH INVESTING ACTIVITIES		
Donated stock	<u>\$ 19,034</u>	<u>\$ 20,810</u>

See accompanying notes.

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - 1000 Friends of Florida, Inc. (“the Organization”) was incorporated as a not-for-profit corporation in 1986 in the State of Florida. The Organization receives grants and contributions for the purpose of assuring that Florida's growth management laws are effectively implemented in an effort to maintain and improve Florida's quality of life, natural environment, and vibrant communities.

Investments - Investments in marketable equity securities with readily determined fair values are stated at fair market value. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Property, Equipment and Depreciation - Office equipment, furniture and fixtures are recorded at cost. Donated property is recorded at fair value at the date of gift. Depreciation is computed based on the straight-line method over a period of five to seven years.

Restricted and Unrestricted Revenue and Support - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes - The Organization is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes.

U.S. GAAP requires that a tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

Due to its tax-exempt status, the Organization is not subject to U.S. federal income tax or state income tax. The Organization’s Form 990 has not been subject to examination by the Internal

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Service or the state of Florida for the last three years. The Organization does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Organization recognizes interest and/or penalties related to income tax matters in income tax expense. The Organization did not have any amounts accrued for interest and penalties at December 31, 2013.

Statement of Cash Flows - For the purpose of the statement of cash flows, the Organization considers all checking accounts, money market accounts, and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events - In preparing these financial statements, the organization has evaluated events and transactions for potential recognition or disclosure through August 20, 2014, the date the financial statements were available to be issued.

NOTE 2 - ACCOUNTS RECEIVABLE

Amounts recorded as accounts receivables are due within one year and consist of the following:

	2013	2012
Trade receivables	\$ 13,333	\$ -
Employee advances	-	34
	\$ 13,333	\$ 34

NOTE 3 - INVESTMENTS

Investments in marketable securities consist of the following at December 31, 2013 and 2012:

	2013		2012	
	Basis	Fair Value	Basis	Fair Value
Marketable equity securities	\$ 2,892	\$ 2,892	\$ 8,706	\$ 8,706

Fair market values of investments held are determined under the fair value hierarchy guidance established by the Financial Accounting Standards Board. As of December 31, 2013 and 2012, all investments held met Level 1 input measures which consist of quoted prices for identical assets or liabilities in active markets the Institute has the ability to access as of the measurement date.

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 3 - INVESTMENTS (Continued)

Investment return for unrestricted net assets for the year ended December 31, 2013 and 2012, consist of the following:

	<u>2013</u>	<u>2012</u>
Dividend and interest income	\$ <u>3,278</u>	\$ <u>3,300</u>
Realized gains (losses)	(<u>50</u>)	(<u>144</u>)
	\$ <u><u>3,228</u></u>	\$ <u><u>3,156</u></u>

NOTE 4 - PROPERTY AND EQUIPMENT

The amounts and classifications of property and equipment as of December 31, 2013 and 2012 are as follows:

	<u>Useful Lives</u>	<u>2013</u>	<u>2012</u>
Equipment	5	\$ <u>33,642</u>	\$ <u>32,413</u>
Furniture and fixture	5-7	<u>620</u>	<u>620</u>
		34,262	33,033
Accumulated depreciation and amortization		(<u>24,284</u>)	(<u>20,021</u>)
		\$ <u><u>9,978</u></u>	\$ <u><u>13,012</u></u>

Depreciation expense for the year ended December 31, 2013 and 2012 amounted to \$4,263 and \$3,036, respectively.

NOTE 5 - CAPITAL LEASE OBLIGATION

Capital lease obligation at December 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Copier lease obligation to Office Business Systems with imputed interest at 15.22%; monthly payments of principal and interest in the amount of \$338; maturing July 2013; collateralized by RICOH MPC4000SPF Copier.	\$ <u>-</u>	\$ <u>2,247</u>

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following periods:

	<u>2013</u>	<u>2012</u>
Foundation and Governmental Grants available for use after December 31, 2013 and 2012, respectively.	\$ <u>60,167</u>	\$ <u>102,504</u>

NOTE 7 - BOARD DESIGNATED RESERVE FUND

On September 12, 2000, the Board of Directors formally adopted the establishment and maintenance of the Designated Reserve Fund for the purpose of covering anticipated shortfalls in operating cash flows and funding of unforeseen contingencies. This reserve fund represents the Board's designated use of unrestricted assets for management purposes only. Designated contributions for the reserve fund are budgeted annually and funded monthly. Investment income earned from the reserve fund is also designated to the reserve fund. Management's use of the reserve fund is restricted by authorization from the Treasurer in the event of temporary cash flow deficiencies and the Executive Committee for funding certain projects deemed necessary by management. As of December 31, 2013 and 2012, the Designated Reserve Fund amounted to \$335,636 and \$334,733, respectively.

NOTE 8 - EMPLOYEE BENEFITS

On February 1, 1998, the Organization adopted a 401(k) profit sharing plan that covers substantially all employees who have attained the age of twenty-one (21) and have completed six months of service. Employees are fully-vested after three years of service. Employer contributions and fees to this plan amounted to \$25,305 and \$25,781 for the years ended December 31, 2013 and 2012, respectively. Contributions, based on a percentage of compensation, are at the discretion of the Board of Directors. Eligible employees may defer up to twenty percent (20%) of their annual salary, not to exceed \$15,500 for years ended December 31, 2013 and 2012. Plan participants self-direct the deferred contributions among various investment alternatives provided by the plan trustee.

NOTE 9 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances at a financial institution located in Tallahassee, Florida. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2013 and 2012, the Organization did not have any uninsured cash balances.

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 10 – PRIOR PERIOD ADJUSTMENT

As of January 1, 2012, beginning unrestricted net assets have been restated to correct an error that resulted from an understatement of deferred 2012 contract revenue as of December 31, 2011. Details of the prior period adjustment are as follows:

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Total Net Assets</u>
As previously reported, January 1, 2012	\$ 449,921	\$ 251,695	\$ 701,616
Deferral of contractual revenue	<u>-</u>	<u>(34,665)</u>	<u>(34,665)</u>
As restated, January 1, 2012	\$ <u>449,921</u>	\$ <u>217,030</u>	\$ <u>666,951</u>

The restatement of deferred revenue as of January 1, 2012 increased the recognition of contract revenue for the year ended December 31, 2012 in the amount of \$12,132.

SUPPLEMENTARY INFORMATION

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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

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

We have audited the financial statements of 1000 Friends of Florida, Inc., as of and for the years ended December 31, 2013 and 2012, and have issued our report thereon dated August 20, 2014, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The detailed schedule of functional expenses is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Thomson Brock Luger & Company

August 20, 2014

1000 FRIENDS OF FLORIDA
SCHEDULE OF FUNCTIONAL EXPENSES (with Comparable Totals for 2012)
Year Ended December 31, 2013

	Program Services	Management and General	Fund Raising	2013 Total	2012 Total
Salaries	\$ 356,401	\$ 11,229	\$ 40,353	\$ 407,983	\$ 428,916
Insurance/health & general	34,685	2,608	2,322	39,615	38,155
Payroll taxes	27,264	385	3,067	30,716	32,521
Professional fees	2,125	23,238	-	25,363	20,840
Pension plan	24,480	825	-	25,305	25,781
Consulting fees and services	20,723	-	112	20,835	44,425
Meals and travel	13,385	73	574	14,032	12,385
Telephone	7,588	3,409	-	10,997	12,233
Rent	6,390	2,739	-	9,129	8,863
Printing and copying	7,814	454	318	8,586	14,878
Dues & subscriptions	6,995	125	995	8,115	10,491
Repairs & maintenance	5,621	-	-	5,621	5,086
Postage and freight	3,944	797	9	4,750	4,187
Office supplies	2,537	1,777	-	4,314	3,963
Depreciation	-	4,263	-	4,263	3,036
Equipment rental/storage	4,029	-	-	4,029	3,389
Website	2,595	-	-	2,595	-
Bank charges	-	2,509	-	2,509	2,450
Advertising/sponsorships	2,250	-	82	2,332	4,382
Miscellaneous	2,172	-	-	2,172	-
Graphic design expenses	1,884	-	-	1,884	14,269
Taxes & licenses	-	261	-	261	425
Seminars and workshops	255	-	-	255	6,097
Lobbying	195	-	-	195	-
Interest	-	95	-	95	670
	<u>\$ 533,332</u>	<u>\$ 54,787</u>	<u>\$ 47,832</u>	<u>\$ 635,951</u>	<u>\$ 697,442</u>

See independent auditors' report on supplementary information.