

**FRIENDS OF MACARTHUR BEACH
STATE PARK, INC.**

REPORT ON AUDITS OF FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

FRIENDS OF MACARTHUR BEACH STATE PARK, INC.

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Independent Auditors' Report

To the Board of Directors
Friends of MacArthur Beach State Park, Inc.
Palm Beach Gardens, Florida

Opinion

We have audited the accompanying financial statements of Friends of MacArthur Beach State Park, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of MacArthur Beach State Park, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Friends of MacArthur Beach State Park, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 of Friends of MacArthur Beach State Park, Inc.'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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Friends of MacArthur Beach State Park, Inc.'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 Friends of MacArthur Beach State Park, Inc.'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.

Other Matter

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2023 on our consideration of Friends of MacArthur Beach State Park, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Friends of MacArthur Beach State Park, Inc.'s internal control over financial reporting and compliance.

Templeton & Company, LLP

West Palm Beach, Florida
June 23, 2023

FRIENDS OF MACARTHUR BEACH STATE PARK, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash	\$ 367,238	\$ 541,433
Investments, at fair value (Note 3)	301,758	3,051,433
Inventory	30,809	20,530
Other current assets	<u>3,263</u>	<u>293</u>
Total current assets	703,068	3,613,689
Equipment, net of accumulated depreciation (Note 4)	<u>6,120</u>	<u>9,332</u>
Total assets	<u>\$ 709,188</u>	<u>\$ 3,623,021</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accrued expenses	<u>\$ 13,214</u>	<u>\$ 9,278</u>
Net assets:		
Without donor restrictions	667,967	3,012,910
With donor restrictions (Note 6)	<u>28,007</u>	<u>600,833</u>
Total net assets	<u>695,974</u>	<u>3,613,743</u>
Total liabilities and net assets	<u>\$ 709,188</u>	<u>\$ 3,623,021</u>

See accompanying notes to financial statements.

FRIENDS OF MACARTHUR BEACH STATE PARK, INC.

**STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2022 and 2021**

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions	\$ 61,196	\$ -	\$ 61,196	\$ 50,831	\$ -	\$ 50,831
Grants	56,766	15,000	71,766	103,301	71,563	174,864
Membership dues	163,370	-	163,370	164,178	-	164,178
Program revenue	141,125	-	141,125	124,754	-	124,754
Special events	58,141	-	58,141	13,957	-	13,957
Merchandise sales	272,134	-	272,134	173,941	-	173,941
Net investment return (loss)	(397,639)	-	(397,639)	262,380	62,441	324,821
Other income	3,595	-	3,595	889	-	889
Net assets released from restrictions (Note 5)	<u>587,826</u>	<u>(587,826)</u>	<u>-</u>	<u>120,510</u>	<u>(120,510)</u>	<u>-</u>
Total support and revenue	<u>946,514</u>	<u>(572,826)</u>	<u>373,688</u>	<u>1,014,741</u>	<u>13,494</u>	<u>1,028,235</u>
Expenses:						
Program services	606,006	-	606,006	442,140	-	442,140
Management and general	153,920	-	153,920	140,049	-	140,049
Fundraising	31,331	-	31,331	38,530	-	38,530
Special events	15,001	-	15,001	1,500	-	1,500
Total expenses	<u>806,258</u>	<u>-</u>	<u>806,258</u>	<u>622,219</u>	<u>-</u>	<u>622,219</u>
Transfers:						
Transfers to Nature Foundation	<u>(2,485,199)</u>	<u>-</u>	<u>(2,485,199)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total transfers	<u>(2,485,199)</u>	<u>-</u>	<u>(2,485,199)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(2,344,943)	(572,826)	(2,917,769)	392,522	13,494	406,016
Net assets - beginning of year	<u>3,012,910</u>	<u>600,833</u>	<u>3,613,743</u>	<u>2,620,388</u>	<u>587,339</u>	<u>3,207,727</u>
Net assets - end of year	<u>\$ 667,967</u>	<u>\$ 28,007</u>	<u>\$ 695,974</u>	<u>3,012,910</u>	<u>\$ 600,833</u>	<u>\$ 3,613,743</u>

See accompanying notes to financial statements.

FRIENDS OF MACARTHUR BEACH STATE PARK, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (2,917,769)	\$ 406,016
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,212	3,197
Transfer of investments to Nature Foundation	2,485,199	-
Net realized and unrealized gains (losses) on investments	397,639	(324,821)
Changes in operating assets and liabilities:		
Inventory	(10,279)	20,656
Other current assets	(2,970)	(293)
Accrued expenses	3,936	608
Net cash provided by (used in) operating activities	(41,032)	105,363
Cash flows from investing activities:		
Proceeds from sales (purchases of) investments, net	(133,163)	57,391
Purchases of equipment	-	(922)
Net cash provided by (used in) investing activities	(133,163)	56,469
Net increase (decrease) in cash and cash equivalents	(174,195)	161,832
Cash and cash equivalents, beginning of year	541,433	379,601
Cash and cash equivalents, end of year	\$ 367,238	\$ 541,433

See accompanying notes to financial statements.

FRIENDS OF MACARTHUR BEACH STATE PARK, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2022

	Program Services				Total Program Services	Supporting Services			Total Expenses
	Park Development	Public Education	Visitor Services	Nature Foundation		Management and General	Fundraising	Special Events	
Salaries and benefits	\$ 64,336	\$ 25,735	\$ 32,169	\$ 6,434	\$ 128,674	\$ 117,391	\$ 11,281	\$ -	\$ 257,346
Contract services	40,405	16,162	20,203	4,040	80,810	-	-	-	80,810
Printing and publications	1,192	2,385	2,385	-	5,962	-	-	-	5,962
Postage and shipping	367	733	732	-	1,832	-	-	-	1,832
Cost of inventory items sold	154,705	-	-	-	154,705	-	-	-	154,705
Travel	1,002	2,003	2,003	-	5,008	-	-	-	5,008
Repairs and maintenance	2,358	4,711	4,711	-	11,780	-	-	-	11,780
Insurance	3,855	7,710	7,710	-	19,275	-	-	-	19,275
Advertising	445	890	891	-	2,226	-	-	-	2,226
Professional fees and trainers	2,086	2,086	2,086	-	6,258	23,140	9,642	-	39,040
Office expense	3,220	6,440	6,441	-	16,101	12,882	3,216	-	32,199
Kayak program expenses	-	4,251	4,251	-	8,502	-	-	-	8,502
Park support and equipment	-	21,805	21,804	-	43,609	-	-	-	43,609
IT consulting and supplies	32,301	-	-	-	32,301	507	7,192	-	40,000
Direct cost of special events	-	-	-	-	-	-	-	15,001	15,001
Depreciation	-	-	3,212	-	3,212	-	-	-	3,212
Miscellaneous	-	<u>42,896</u>	<u>42,855</u>	-	<u>85,751</u>	-	-	-	<u>85,751</u>
Total expenses	\$ <u>306,272</u>	\$ <u>137,807</u>	\$ <u>151,453</u>	\$ <u>10,474</u>	\$ <u>606,006</u>	\$ <u>153,920</u>	\$ <u>31,331</u>	\$ <u>15,001</u>	\$ <u>806,258</u>

See accompanying notes to financial statements.

FRIENDS OF MACARTHUR BEACH STATE PARK, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

	Program Services				Total Program Services	Supporting Services			Total Expenses
	Park Development	Public Education	Visitor Services	Nature Foundation		Management and General	Fundraising	Special Events	
Salaries and benefits	\$ 59,004	\$ 23,602	\$ 29,502	\$ 5,900	\$ 118,008	\$ 107,660	\$ 10,346	\$ -	\$ 236,014
Contract services	20,282	8,113	10,141	2,027	40,563	-	-	-	40,563
Postage and shipping	134	267	266	-	667	-	-	-	667
Cost of inventory items sold	79,278	-	-	-	79,278	-	-	-	79,278
Travel	904	1,808	1,807	-	4,519	-	-	-	4,519
Repairs and maintenance	3,837	7,669	7,670	-	19,176	-	-	-	19,176
Insurance	1,930	3,859	3,859	-	9,648	-	-	-	9,648
Advertising	161	322	323	-	806	-	-	-	806
Professional fees and trainers	1,962	1,962	1,961	-	5,885	21,757	9,065	-	36,707
Office expense	2,363	4,724	4,725	-	11,812	9,452	2,360	-	23,624
Kayak program expenses	-	12,779	12,778	-	25,557	-	-	-	25,557
Park support and equipment	-	23,516	23,515	-	47,031	-	-	-	47,031
IT consulting and supplies	75,265	-	-	-	75,265	1,180	16,759	-	93,204
Direct cost of special events	-	-	-	-	-	-	-	1,500	1,500
Depreciation	-	-	3,197	-	3,197	-	-	-	3,197
Miscellaneous	-	364	364	-	728	-	-	-	728
Total expenses	\$ 245,120	\$ 88,985	\$ 100,108	\$ 7,927	\$ 442,140	\$ 140,049	\$ 38,530	\$ 1,500	\$ 622,219

See accompanying notes to financial statements.

FRIENDS OF MACARTHUR BEACH STATE PARK, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of activities

Friends of MacArthur Beach State Park, Inc. (Friends) is a nonprofit organization incorporated under the laws of the State of Florida and is a 501(c)(3) tax exempt organization under the Internal Revenue Code (IRC). Friends is funded primarily from contributions made by the public within the State of Florida, through paid programs provided to the public, and gift shop sales. Contributions are used to fund visitor services, public education, park development, and resource management.

Basis of accounting

Friends prepares its financial statements using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) whereby revenues are recognized when earned and expenses are recognized when incurred.

Basis of presentation

Net assets, revenue, expenses, and gains and losses are classified as without donor restrictions and with donor restrictions based on the existence or absence, respectively, of contractual, grantor, or donor-imposed restrictions. Accordingly, the net assets of Friends and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and are available for the support of Friends' operations. These net assets may be used at the discretion of Friends' management and the Board of Directors.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of Friends or the passage of time.

Revenue recognition

Membership dues are recognized as revenue when earned. Member events revenue is recognized when earned. Grant revenue is recognized when the requirements under the grant have been fulfilled and collected. Grant revenue that is by nature a charitable contribution is recognized when the contribution is received and reported as net assets with donor restrictions or net assets without donor restrictions depending on grantor-imposed restrictions. Fees for programs are recognized when the program takes place.

Measure of operations

The statements of changes in net assets report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to Friends' ongoing education, preservation, and member services.

Grants and contributions

Friends records funding from unconditional grants in the period that the grant award is received. Unconditional contributions are recorded in the period that the contribution is received. Classification of grants and contributions as without donor restrictions or with donor restrictions is based upon any external stipulations that limit the use of the funds.

FRIENDS OF MACARTHUR BEACH STATE PARK, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Grants and contributions, continued

When a grantor or donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are then reclassified to net assets without donor restrictions and reported in the statements of changes in net assets as net assets released from restrictions. Grants and contributions with donor restrictions are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

Income taxes

Friends' activities are generally exempt from federal and state income taxes under Section 501(c)(3) of the IRC. Since Friends is exempt from federal and state income tax liability, no provision for income taxes is recorded in Friends' financial statements. Management is not aware of any transactions that would impact Friends' tax-exempt status.

Management analyzes tax positions in jurisdictions where it is required to file income tax returns. Based on its evaluation, management did not identify any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease.

Interest and penalties attributable to income taxes, if any, are included in operating expenses. No such interest or penalties were recorded for the years 2022 or 2021. Friends is no longer subject to federal, state, or local income tax examinations by taxing authorities for years prior to 2019.

Fair value measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. As of December 31, 2022 and 2021, Friends had no Level 2 or Level 3 assets or liabilities.

Contributed services

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received as in-kind contributions.

Many individuals volunteer their time and perform a variety of tasks to assist with the programs and other activities of Friends. The value of these services has not been recorded because the criteria for recognition have not been satisfied.

Cash

Cash includes amounts on deposit in general checking and savings accounts.

Inventory

Inventory held in the gift shop for resale is stated at the lower of cost or net realizable value determined on the first-in first-out method.

FRIENDS OF MACARTHUR BEACH STATE PARK, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Investments

Investments consist of certificates of deposit, money market funds, mutual funds, exchange traded funds, and corporate bonds that are measured at fair value based on quoted market prices.

Investment income and realized gains and losses on investments are recognized upon realization. Unrealized gains and losses are recognized on changes in fair values during the period. Net investment returns are reported in appropriate net asset classifications based upon the existence of donor restrictions, if any.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values of investments will occur in the near-term.

Accounting estimates

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and the differences could be material.

Property and equipment

Certain equipment acquisitions with a useful life of greater than one year and cost greater than \$1,000 are capitalized and stated at cost or, if donated, at the fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is 5 years.

Management reviews its equipment for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Maintenance and repairs are charged to expense when paid.

Expense recognition and allocation

The cost of providing programs and other activities is summarized on a functional basis in the statements of changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions, such as depreciation, insurance, supplies, and maintenance have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied.

Annually, or more often when new programs are added, the bases on which costs are allocated are evaluated.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction.

Fundraising and special event costs are expensed as paid, even though they may result in contributions received in future years. Friends generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as paid.

FRIENDS OF MACARTHUR BEACH STATE PARK, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Concentrations of credit risk

Friends' cash balances on deposit with banks are guaranteed by the Federal Deposit Insurance Corporation (FDIC). Friends is exposed to risk for the amount of funds held in any one account in excess of the insurance limit, which was approximately \$103,000 as of December 31, 2022. In assessing its risk, Friends' policy is to bank only with the highest rated financial institutions. Friends has not experienced any losses in such accounts.

Other securities and limited amounts of cash held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) in the event of broker-dealer failure, up to \$500,000 of protection for each brokerage account, with a limit of \$250,000 for claims of uninvested cash balances. The SIPC insurance does not protect against market losses on investments.

Change from modified cash basis to accrual basis of accounting

In previous years, Friends prepared its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. GAAP. In 2022, the financial statements have been prepared on the accrual basis of accounting, in conformity with generally accepted accounting principles. Management believes that the accrual basis of accounting more accurately reflects Friends' financial position and results of operations. The financial statements for 2021 have been retroactively restated for the change, which did not result in any change in net assets for the year ended December 31, 2021 or net assets as of December 31, 2021.

Note 2 – Availability of Resources and Liquidity

As of December 31, 2022, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, were as follows:

Financial assets:		
Cash		\$ 367,238
Investments		<u>301,758</u>
Total financial assets		668,996
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets (Note 6)		<u>(28,007)</u>
Financial assets available for general expenditures in the next year		<u>\$ 640,989</u>

Friends' goal is to maintain liquid financial assets sufficient to cover 90 days of general operating expenditures. Financial assets in excess of short-term cash requirements are invested in interest-bearing accounts and money market accounts at financial institutions.

Note 3 – Investments

Investments are measured at fair value. Fair value is determined by quoted market prices in active markets for all investments (Level 1 measurements). Investments at December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ -	\$ 51,327
Mutual funds - equities	-	1,777,469
Certificates of deposit	301,758	-
Exchange traded funds	-	152,629
Corporate bonds	<u>-</u>	<u>1,070,008</u>
Total investments, at fair value	<u>\$ 301,758</u>	<u>\$ 3,051,433</u>

FRIENDS OF MACARTHUR BEACH STATE PARK, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 3 – Investments, Continued

The following schedule summarizes the net investment return (loss) for the years ended December 31, 2022 and 2021:

	2022	2021
Interest and dividend income	\$ 71,768	\$ 66,939
Net realized and unrealized gains (losses)	(469,407)	257,882
Net investment return (loss)	\$ (397,639)	\$ 324,821

Note 4 – Equipment

A summary of equipment as of December 31, 2022 and 2021 is as follows:

	2022	2021
Computer	\$ 16,062	\$ 16,062
Less: accumulated depreciation	(9,942)	(6,730)
Equipment, net	\$ 6,120	\$ 9,332

Note 5 – Net Assets Released from Restrictions

Net assets are released from donor restrictions by incurring costs or expenses satisfying the restricted purposes or by the occurrence of events as specified by the donors. Net assets were released from donor restrictions for the years ended December 31, 2022 and 2021 for the following purposes:

	2022	2021
Investments	\$ 540,678	\$ -
Conditional grant	-	55,085
Transportation	3,315	-
Equipment purchases	-	2,081
Exotic removal	13,853	10,000
Education	29,980	53,344
	\$ 587,826	\$ 120,510

Note 6 – Net Assets with Donor Restrictions and Endowment

Interpretation of relevant law

Friends follows the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). FUPMIFA requires the Board of Directors (the Board) to use reasonable care, skill and caution as exercised by a prudent investor in considering the investment management and expenditures of endowment funds. In accordance with FUPMIFA, the Board may expend so much of an endowment fund as the Board determines to be prudent for the uses and purposes for which the endowment fund is established, consistent with the goal of conserving the purchasing power of the endowment fund.

FRIENDS OF MACARTHUR BEACH STATE PARK, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 6 – Net Assets with Donor Restrictions and Endowment, Continued

Net assets with donor restrictions as of December 31, 2022 and 2021 are available for the following purposes:

	2022	2021
Purpose restrictions:		
Cultural Council grant	\$ -	\$ 3,161
Cultural Council Power to Care grant	-	3,204
Transportation grant	7,805	7,805
Community Foundation grant	-	17,556
Sharkey Family Foundation grant	5,000	5,000
Ocean Conservation Foundation Grant	2,950	-
VoLo Foundation grant	4,460	7,775
Thank our Healers grant	-	2,800
Nature Foundation grant	-	1,209
Exotic removal grant	7,792	11,645
	\$ 28,007	\$ 60,155

As of December 31, 2022 and 2021, Friends has net assets with donor restrictions of \$nil and \$540,678, respectively, of a perpetual nature.

Changes in endowment net assets for the year ended December 31, 2022 follow:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance as of January 1, 2022	\$ 2,510,755	\$ 540,678	\$ 3,051,433
Investment return:			
Interest and dividend income	70,010	-	70,010
Net depreciation (realized and unrealized), net	(469,407)	-	(469,407)
Net investment loss	(399,397)	-	(399,397)
Appropriation for endowment expenditures	(166,837)	-	(166,837)
Transfer of endowment to Nature Foundation, Inc.	(1,944,521)	(540,678)	(2,485,199)
Balance as of December 31, 2022	\$ -	\$ -	\$ -

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted and Board designated endowments may fall below the level that the donor or Board requires Friends to retain as a fund of perpetual duration. There were no such funds with deficiencies as of December 31, 2022 and 2021.

Note 7 – Related Party

The Nature Foundation, Inc. (the Foundation) is a nonprofit organization formed to benefit and assist Friends in funding park programs and services or plant facilities that are not funded by the State of Florida. All the Foundation's board members are volunteers and have no financial interest in the Foundation or Friends. Foundation bylaws state a majority of the Foundation's trustees shall be members of the Board of Directors of Friends. Friends does not have a majority voting interest in Foundation, as defined by GAAP.

FRIENDS OF MACARTHUR BEACH STATE PARK, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 7 – Related Party, Continued

Summarized Foundation financial data as of and for the years ended December 31, 2022 and 2021 is as follows:

	2022	2021
Total assets	\$ 3,501,408	\$ 4,187,036
Total liabilities	\$ 352,915	\$ 3,362,709
Total net assets	\$ 3,148,493	\$ 824,327
Total revenue and support	\$ 2,331,122	\$ 80,287
Total expenses	\$ 6,956	\$ 7,297

During the year ended December 31, 2022, Friends transferred investments in the amount of \$2,485,199 to the Foundation upon approval of Friend's Board of Directors.

Note 8 – Subsequent Events

Management evaluated events occurring subsequent to December 31, 2022 through June 23, 2023, the date on which the financial statements were available to be issued, for matters that should be recorded in the financial statements or disclosed in the footnotes thereto.



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Friends of MacArthur Beach State Park, Inc.
Palm Beach Gardens, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Friends of MacArthur Beach State Park, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022, and the related statements of changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Friends of MacArthur Beach State Park, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Friends of MacArthur Beach State Park, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Friends of MacArthur Beach State Park, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Friends of MacArthur Beach State Park, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Friends of MacArthur Beach State Park, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Templeton & Company, LLP

West Palm Beach, Florida
June 23, 2023

FRIENDS OF MACARTHUR BEACH STATE PARK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2022

Part I – Financial Statement Findings and Questioned Costs in the Current Year

No findings or questioned costs noted during fiscal year 2022.

Part II – Financial Statement Findings and Questioned Costs in the Prior Year

No findings or questioned costs noted during fiscal year 2021.