

**Gulf Coast Heritage Association, Inc.  
D/B/A – Historic Spanish Point**

**Financial Statements  
June 30, 2016**

# CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	-
<b>FINANCIAL STATEMENTS:</b>	
Statement of Financial Position	1
Statement of Activities and Changes in Net Assets	2
Statement of Functional Expenses	3
Statement of Cash Flows	4
Notes to Financial Statements	5-13



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Gulf Coast Heritage Association, Inc.

We have audited the accompanying financial statements of Gulf Coast Heritage Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 includes 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 Gulf Coast Heritage Association, Inc. as of June 30, 2016, 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.

**Report on Summarized Comparative Information**

We have previously audited Gulf Coast Heritage Association, Inc.'s 2015 financial statements, and our report dated January 28, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read "Carla M. Cole". The signature is written in a cursive style with a large initial "C".

Sarasota, Florida  
February 23, 2017

**Gulf Coast Heritage Association, Inc.**  
**D/B/A - Historic Spanish Point**

**Statement of Financial Position**  
June 30, 2016

**ASSETS**

	2016			Total	2015 Total (For Comparative Purposes Only)
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Current assets:					
Cash and cash equivalents	\$ 11,442	114,399	-	125,841	64,169
Accounts receivable	11,408	-	-	11,408	-
Grants receivable	-	-	-	-	86,300
Inventory	19,367	-	-	19,367	16,856
Prepaid expenses	28,397	-	-	28,397	22,350
Due (to)/from other fund	(19,392)	19,392	-	-	-
Total current assets	51,222	133,791	-	185,013	189,675
Property and equipment, net	3,107,341	-	-	3,107,341	3,190,396
Beneficial interest in trust	-	-	812,972	812,972	-
Split-interest agreement	-	-	33,386	33,386	37,461
Foundation endowments	-	2,956	39,248	42,204	45,199
Total assets	\$ 3,158,563	136,747	885,606	4,180,916	3,462,731

**LIABILITIES AND NET ASSETS**

Current liabilities:					
Accounts payable	\$ 71,545	-	-	71,545	101,073
Accrued expenses	22,931	-	-	22,931	22,368
Deposits	12,407	-	-	12,407	9,497
Deferred revenue	8,481	-	-	8,481	11,500
Total current liabilities	115,364	-	-	115,364	144,438
Annuity under trust agreement	-	-	33,386	33,386	37,461
Total liabilities	115,364	-	33,386	148,750	181,899
Net assets:					
Unrestricted	3,043,199	-	-	3,043,199	3,200,538
Temporarily restricted	-	136,747	-	136,747	41,046
Permanently restricted	-	-	852,220	852,220	39,248
Total net assets	3,043,199	136,747	852,220	4,032,166	3,280,832
Total liabilities and net assets	\$ 3,158,563	136,747	885,606	4,180,916	3,462,731

See accompanying notes to financial statements.

**Gulf Coast Heritage Association, Inc.  
D/B/A - Historic Spanish Point**

**Statement of Activities and Changes in Net Assets  
Year Ended June 30, 2016**

	2016			Total	2015
	Unrestricted	Temporarily Restricted	Permanently Restricted		Total (For Comparative Purposes Only)
<b>Revenues and support</b>					
Revenue:					
Admissions	\$ 173,346	-	-	173,346	157,971
Program service	78,614	-	-	78,614	45,382
Rents	72,403	-	-	72,403	65,677
Museum store	21,638	-	-	21,638	14,853
Museum store costs	(10,614)	-	-	(10,614)	(8,610)
Special events	208,187	-	-	208,187	205,758
Special events costs	(121,324)	-	-	(121,324)	(130,980)
Miscellaneous	-	-	-	-	1,525
Total revenue	<u>422,250</u>	<u>-</u>	<u>-</u>	<u>422,250</u>	<u>351,576</u>
Support:					
Governmental	51,272	-	-	51,272	181,203
Contributions and bequests	42,205	-	708,528	750,733	126,955
Foundations	-	85,050	-	85,050	67,055
Change in value of trust	-	-	104,444	104,444	-
Investment income (loss), net	15,783	25,005	-	40,788	1,810
Memberships	101,000	-	-	101,000	89,915
In-kind	1,755	-	-	1,755	1,569
Total support	<u>212,015</u>	<u>110,055</u>	<u>812,972</u>	<u>1,135,042</u>	<u>468,507</u>
Net assets released from restrictions	<u>14,354</u>	<u>(14,354)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>648,619</u>	<u>95,701</u>	<u>812,972</u>	<u>1,557,292</u>	<u>820,083</u>
<b>Expenses</b>					
Program	629,924	-	-	629,924	604,538
General and administrative	122,797	-	-	122,797	108,274
Fundraising	53,237	-	-	53,237	46,732
Total expenses	<u>805,958</u>	<u>-</u>	<u>-</u>	<u>805,958</u>	<u>759,544</u>
Change in net assets	<u>(157,339)</u>	<u>95,701</u>	<u>812,972</u>	<u>751,334</u>	<u>60,539</u>
Net assets - beginning of year	<u>3,200,538</u>	<u>41,046</u>	<u>39,248</u>	<u>3,280,832</u>	<u>3,220,293</u>
Net assets - end of year	<u>\$ 3,043,199</u>	<u>136,747</u>	<u>852,220</u>	<u>4,032,166</u>	<u>3,280,832</u>

See accompanying note to financial statements.

**Gulf Coast Heritage Association, Inc.**  
**D/B/A - Historic Spanish Point**

**Statement of Functional Expenses**  
June 30, 2016

	2016			Total (For Comparative Purposes Only)	
	<u>Program</u>	<u>General and Administrative</u>	<u>Fund Raising</u>		<u>Total</u>
Salaries	\$ 256,986	51,396	35,722	344,104	315,665
Advertising	17,981	-	-	17,981	22,023
Accounting	-	9,667	-	9,667	9,375
Bank charges	-	11,314	-	11,314	9,630
Conferences & meetings	3,327	3,328	-	6,655	6,743
Consultants & speakers	91	-	-	91	500
Dues & subscriptions	2,322	465	310	3,097	4,569
Exhibits	2,194	-	-	2,194	1,681
Insurance	47,152	5,894	5,894	58,940	53,335
Interest	180	-	-	180	1,887
Maintenance:					
Buildings	7,340	7,340	-	14,680	16,144
Curatorial	68	-	-	68	18
Office equipment	5,685	7,108	1,422	14,215	8,295
Grounds	54,400	-	-	54,400	48,432
Vehicles & boats	2,548	283	-	2,831	2,701
Membership annual appeal	-	-	661	661	-
Miscellaneous	5,136	1,729	-	6,865	771
Postage	2,692	538	359	3,589	2,093
Printing & promotions	1,275	255	170	1,700	185
Program expenses	54,546	-	-	54,546	52,926
Retirement plan	10,653	2,131	1,420	14,204	12,598
Security	3,715	196	-	3,911	3,630
Supplies	7,891	987	987	9,865	10,895
Taxes - payroll	20,307	4,061	2,708	27,076	27,624
Telephone	9,160	1,832	1,221	12,213	13,287
Utilities	17,725	3,545	2,363	23,633	25,919
Total before depreciation	533,374	112,069	53,237	698,680	650,926
Depreciation	96,550	10,728	-	107,278	108,618
Total expenses	<u>\$ 629,924</u>	<u>122,797</u>	<u>53,237</u>	<u>805,958</u>	<u>759,544</u>

See accompanying notes to financial statements.

**Gulf Coast Heritage Association, Inc.**  
**D/B/A - Historic Spanish Point**

**Statement of Cash Flows**  
Year Ended June 30, 2016

	2016	2015 Total (For Comparative Purposes Only)
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 751,334	60,539
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	107,278	108,618
Donation of interest in trust	(708,528)	-
Change in value of trust	(104,444)	-
Unrealized losses on endowment	2,995	114
(Increase) decrease in:		
Accounts receivable	(11,408)	5,412
Grants receivable	86,300	(86,300)
Inventory	(2,511)	310
Prepaid expenses	(6,047)	(1,863)
Increase (decrease) in:		
Accounts payable	(29,528)	65,071
Accrued expenses	563	5,542
Deposits	2,910	418
Deferred revenue	(3,019)	2,024
Total adjustments	(665,439)	99,346
Net cash flows from operating activities	85,895	159,885
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(24,223)	(170,629)
Net cash flows from investing activities	(24,223)	(170,629)
<b>Cash flows from financing activities:</b>		
Net payments on line of credit	-	(36,718)
Net cash flows from financing activities	-	(36,718)
Increase (decrease) in cash and cash equivalents	61,672	(47,462)
Cash and cash equivalents - beginning	64,169	111,631
Cash and cash equivalents - ending	\$ 125,841	64,169

See accompanying notes to financial statements.



**Gulf Coast Heritage Association, Inc.  
D/B/A Historic Spanish Point**

**Notes to Financial Statements  
June 30, 2016**

**Note 1 – Nature of the Association and Summary of Significant Accounting Policies:**

Nature of the Association

Gulf Coast Heritage Association, Inc. (the "Association") is a corporation chartered under the laws of the State of Florida as a not-for-profit Association located in Osprey, Florida. Its purpose is to promote the restoration, development, interpretation and preservation of historic and archeologically sensitive land and artifacts at the property known as Historic Spanish Point in order to foster, promote and increase public awareness and knowledge of this historical site. The Association receives its revenue and support from government agencies, membership, museum admissions and program services.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift or investment income is received, the amount is reported as unrestricted revenues. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Unrestricted net assets—Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets—Net assets that are available for use, but expendable only for those purposes specified by the grantor.

Permanently restricted net assets—Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association.

Income Tax Status

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Association's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Association qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Management has evaluated the effect of an accounting standard relating to accounting for uncertainty in income taxes. Management has determined that the Association had no uncertain income tax positions that could have a significant effect on the consolidated financial statements for the year ended June 30, 2016. The Association's federal income tax returns are subject to examination by the Internal Revenue Service, generally for three years after the federal income tax returns were filed.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Gulf Coast Heritage Association, Inc.  
D/B/A Historic Spanish Point**

**Notes to Financial Statements  
June 30, 2016**

**Note 1 – Nature of the Association and Summary of Significant Accounting Policies – Continued:**

Inventory

Inventories are stated at the lower of cost or market determined by the first-in, first-out method and represent items held in the museum store.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. It is the Association's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Donations of property and equipment are recorded as contributions at their fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Property and equipment are depreciated using the straight-line method over their estimated useful lives ranging from 3 to 50 years.

Donation of Collection Items

The Association does not recognize as revenues or gains nor does it capitalize donated artifacts. Such donations need not be recognized if they are added to collections that are held for public exhibition, education, or research in furtherance of public service rather than financial gain; are protected, kept unencumbered, cared for, and preserved; and are subject to a policy that requires the proceeds from sales of collection items to be used to acquire other items for collection.

Investments

Investments in securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and realized gains are reported as increases in unrestricted net assets unless restricted by a donor.

Contributions and Recognition of Donor Restrictions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All 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, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services

The Association recognizes donated services that create or enhance nonfinancial 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.

**Gulf Coast Heritage Association, Inc.**  
**D/B/A Historic Spanish Point**

**Notes to Financial Statements**  
June 30, 2016

**Note 1 – Nature of the Association and Summary of Significant Accounting Policies – Continued:**

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

**Note 2 – Uninsured Cash Balance:**

The Association's financial instruments that are exposed to concentrations of credit risk consist primarily of cash deposits. The Association places its cash and cash equivalents with local financial institutions. At times, cash balances may be in excess of the Federal Deposit Insurance Corporation limit of \$250,000 as of June 30, 2016. Management considers the risk to be minimal. As of June 30, 2016, there were no uninsured cash balances.

**Note 3 – Property and Equipment:**

Property and equipment consists of the following:

Land and improvements	\$ 1,247,536
Building and site improvements	3,554,401
Furniture, fixtures, equipment and exhibits	<u>279,243</u>
	5,081,180
Less: accumulated depreciation	<u>(1,973,839)</u>
Property and equipment, net	<u>\$ 3,107,341</u>

**Gulf Coast Heritage Association, Inc.  
D/B/A Historic Spanish Point**

**Notes to Financial Statements  
June 30, 2016**

**Note 4 – Beneficial Interest in Trust:**

The Association has unconditional rights to distributions from a trust. Distributions are made at least quarterly and in an amount equal to or greater than the net income of the trust or four percent of the trust's fair market value. The trust's fair value at June 30, 2016 is \$812,972.

**Note 5 – Split-interest Agreement:**

On November 5, 1998, the Carol S. Kopeck Charitable Remainder Trust was established with the Association as trustee. The trust provides for a lifetime annuity to Carol S. Kopeck in the amount of \$7,732 per year based on 6% of an original investment of \$128,869 at market value. The market value of the trust assets at June 30, 2016, was \$33,386. The present value of the annuity payable based on a rate of 6% at June 30, 2016, was \$46,424. Since the present value of the annuity payable is greater than the fair market of the trust assets, an adjustment has been made to the annuity payable to reduce it to the fair market value of the trust assets. The remainder, if any, is payable to the Association. Income from the fund shall be used by the Board to provide financial assistance for Historic Spanish Point.

**Note 6 – Temporarily Restricted Net Assets:**

Temporarily restricted net assets are available for the following programs or uses as of June 30, 2016:

Signage	\$ 40,000
Fern Garden	5,005
Aqueduct	11,000
Donor pre-approval	45,000
Florida plants	13,000
Endowment earnings	2,956
Miscellaneous exhibits	<u>19,786</u>
Total	<u>\$ 136,747</u>

**Note 7 – In-kind Contributions:**

The Association recognizes donated services that create or enhance non-financial assets or that require specialized skills, and would typically need to be purchased if not provided by donations. The fair market value of these donated services for the year ended June 30, 2016 was \$1,755.

A number of volunteers have contributed approximately 12,944 hours of time in 2016 to the activities of the Association without compensation. The financial statements do not reflect the value of these donated services because, although clearly substantial, they do not meet the criteria for recorded donated services. However, management estimates the fair value of these services to be \$304,961 for the year ended June 30, 2016.

**Gulf Coast Heritage Association, Inc.  
D/B/A Historic Spanish Point**

**Notes to Financial Statements  
June 30, 2016**

**Note 8 – Foundation Endowments:**

The Association's endowments consist of funds established for a variety of purposes. The endowments include donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Directors of the endowment has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by FUPMIFA.

In accordance with FUPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Association and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Foundation; and
- (7) The investment policies of the Foundation.

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor intended. There were no such deficiencies as of June 30, 2016.

As of June 30, 2016, endowment net assets consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	2,956	39,248	42,204
Total endowment funds	\$ -	2,956	39,248	42,204

**Gulf Coast Heritage Association, Inc.  
D/B/A Historic Spanish Point**

**Notes to Financial Statements  
June 30, 2016**

**Note 8 – Foundation Endowments – Continued:**

Changes in endowment net assets for the year ended June 30, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 01, 2015	\$ -	5,951	39,248	45,199
Endowment investment return:				
Realized and unrealized losses	-	(2,995)	-	(2,995)
Total endowment investment return	-	(2,995)	-	(2,995)
Endowment net assets, June 30, 2016	<u>\$ -</u>	<u>2,956</u>	<u>39,248</u>	<u>42,204</u>

Return Objectives and Risk Parameters

The Association has adopted investment policies and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment funds while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a long-term rate of return on assets that exceeds inflation by at least 1% while assuming a moderate level of investment risk. The Association expects its endowment funds, over time to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Association has a policy of appropriating for distribution each year of up to 6% annually. In establishing this policy, the Association considered the long-term expected return on its endowment. Accordingly, over the long term, the Association expects the current spending policy to allow its endowment to grow at an average of 1% annually. This is consistent with the Association's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**Gulf Coast Heritage Association, Inc.  
D/B/A Historic Spanish Point**

**Notes to Financial Statements  
June 30, 2016**

**Note 8 – Foundation Endowments – Continued:**

Endowment Fund - The Community Foundation of Sarasota County, Inc.

On January 14, 1992, the Association entered into an agreement with the Community Foundation of Sarasota County, Inc. to establish an endowment fund named Historic Spanish Point Endowment Fund of the Community Foundation of Sarasota County. The purpose of the fund is that only the net income may be used to support the charitable purposes of the Association, which includes the operation and maintenance of Historic Spanish Point, an environmental, archeological and historic site. Distribution of the net income will be made at least annually. The total fund balance at June 30, 2016 was \$13,978.

Endowment Fund – Gulf Coast Community Foundation, Inc.

On June 30, 1998, the Association entered into an agreement with the Gulf Coast Community Foundation of Venice, Inc. to establish an endowment fund named Historic Spanish Point Endowment Fund. The purpose of the Fund is to provide support to Historic Spanish Point to carry out its role and mission. Distribution of the net income will be made at least annually. The total fund balance at June 30, 2016 was \$13,845.

Endowment Fund - The Community Foundation of Sarasota County, Inc.

In fiscal year 2000, an agreement was entered into with the Community Foundation of Sarasota County, Inc. to establish an endowment fund named the Stanley F. Lowe Maritime Heritage Fund for Historic Spanish Point. The purpose of the fund is to support the maritime charitable purposes of the Association. Distribution of the net income only will be made at least annually. The total fund balance at June 30, 2016 is \$14,381.

**Note 9 – Fair Value of Financial Assets and Liabilities:**

The Association has adopted the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. The Fair Value Measurements and Disclosures Topic provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

The following table presents information about the Association's assets and liabilities that are measured at fair value on a recurring and non-recurring basis as of June 30, 2016, and indicate the fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets of liabilities, such as publicly traded equity securities.

**Gulf Coast Heritage Association, Inc.  
D/B/A Historic Spanish Point**

**Notes to Financial Statements  
June 30, 2016**

**Note 9 – Fair Value of Financial Assets and Liabilities – Continued:**

Level 2 – inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.) or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability (for example, hedge funds, private equity and other). The inputs reflect the Association’s assumptions based on the best information available in the circumstance.

Assets and liabilities at fair value on a recurring basis at June 30, 2016:

	June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Split-interest agreement	\$ 33,386	-	-	33,386
Beneficial interest in trust	812,972	-	-	812,972
Foundation endowments	42,204	-	-	42,204
Total assets at fair value	<u>888,562</u>	<u>-</u>	<u>-</u>	<u>888,562</u>
Liability under trust agreements	<u>(33,386)</u>	<u>-</u>	<u>-</u>	<u>(33,386)</u>
Total liabilities at fair value	<u>(33,386)</u>	<u>-</u>	<u>-</u>	<u>(33,386)</u>
Total assets and liabilities	<u>\$ 855,176</u>	<u>-</u>	<u>-</u>	<u>855,176</u>

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the period ended June 30, 2016:

	Split-Interest Agreement	Beneficial Interest in Trust	Foundation Endowments	Liability Under Trust Agreements
Balance - June 30, 2015	\$ 37,461	-	45,199	(37,461)
Contributions	-	708,528	-	-
Changes in value of charitable trusts	<u>(4,075)</u>	<u>104,444</u>	<u>(2,995)</u>	<u>4,075</u>
Balance - June 30, 2016	<u>\$ 33,386</u>	<u>812,972</u>	<u>42,204</u>	<u>(33,386)</u>



**Gulf Coast Heritage Association, Inc.  
D/B/A Historic Spanish Point**

**Notes to Financial Statements  
June 30, 2016**

**Note 10 – Employee Retirement Plan:**

The Association has both a contributory and non-contributory retirement plan that covers all employees who satisfy the period-of-service requirement. An employee becomes eligible after twelve months of continuous employment with the Association. The Association's contribution to the plan is 4% of each full-time employee's gross salary. The employees may also contribute to the plan and the Association will match up to an additional 3% of their gross salary. Retirement plan expense for 2016 was \$14,204.

**Note 11 – Line of Credit:**

The Association has a line of credit with a financial institution. The line of credit allows for borrowings up to \$125,000 and had a maturity date of April 30, 2017. Interest accrues at a rate of 6.5%. All of the assets of the Association serve as collateral. For the year ended June 30, 2016, there was no outstanding balance on the line of credit.

**Note 12 – Lease:**

On June 26, 2012, the Association entered into a lease with Sarasota County for its visitors' center facilities located at 337 North Tamiami Trail, Osprey, Florida. The period of the lease was 5 years at an annual rental of \$2, with a provision to extend the lease for two additional 5-year periods at the same rental rate.

The Association is responsible for the operation and maintenance of the building and improvements. Improvements and alterations must be approved by the County in writing. The Association must insure the building and improvements for loss and carry liability insurance. The fair value of the improvements made by the Association per square foot exceeds the fair value of the market rate per square foot for rent. Accordingly, the Statement of Activities does not reflect a cost of the fair rental value of the property and facilities.

**Note 13 – Contingent Liability:**

The Association's current insurance policy contains a deductible clause of 5%. Based on the \$1,576,200 insured valuation of the buildings, the first 5%, or \$78,810 in damages if all buildings were destroyed by a hurricane, would be the responsibility of the Association.

**Note 14 – Subsequent Events:**

Subsequent events have been evaluated through February 23, 2017, which is the date the financial statements were available to be issued.