

JEKYLL ISLAND FOUNDATION, INC.

**Financial Statements
and**

Independent Auditor's Report

As of and for the Years Ended June 30, 2018 and 2017

Jekyll Island Foundation, Inc.

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statements of financial position	4
Statements of activities	5 - 6
Statements of cash flows	7
Notes to financial statements	8 - 14



Independent Auditor's Report

The Board of Directors
Jekyll Island Foundation, Inc.
Jekyll Island, Georgia

We have audited the accompanying financial statements of Jekyll Island Foundation, Inc., which comprise the statements of financial position as of June 30, 2018 and 2017, 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.

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 Jekyll Island Foundation, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hancock Asken & Co., LLP

Savannah, Georgia
September 17, 2018

Jekyll Island Foundation, Inc.

Statements of Financial Position

<i>June 30,</i>	2018	2017
ASSETS		
Cash	\$ 1,801,859	\$ 1,096,983
Investments	148,573	141,916
Pledges receivable, net of allowance of \$24,000 and \$53,949 in 2018 and 2017, respectively	598,050	1,744,362
Other receivables	-	15,616
Due from Jekyll Island Authority	6,663	28,312
Inventory	153	302
	<hr/>	<hr/>
	\$ 2,555,298	\$ 3,027,491
LIABILITIES AND NET ASSETS		
Liabilities		
Due to Jekyll Island Authority	\$ 33,094	\$ -
Net assets		
Unrestricted	164,091	121,507
Unrestricted board designated	19,003	21,840
Temporarily restricted	2,339,110	2,884,144
	<hr/>	<hr/>
	\$ 2,555,298	\$ 3,027,491

See the accompanying notes to financial statements.

Jekyll Island Foundation, Inc.

Statements of Activities

Year ended June 30, 2018

	Unrestricted		Temporarily Restricted				Total
	Undesignated	Board Designated	Georgia Sea Turtle Center	CPE Campaign	Museum Campaign	Other	
Revenue							
Contributions	\$ 150,748	\$ -	\$ 74,517	\$ 20,620	\$ 19,234	\$ -	\$ 265,119
In-kind contributions	257,413	-	-	-	-	-	257,413
Investment income	16,161	-	-	-	-	-	16,161
Board designation of contributions	(8,640)	8,640	-	-	-	-	-
Net assets released from restriction and change in designation	670,882	(11,477)	(107,488)	(1,915)	(535,269)	(14,733)	-
	1,086,564	(2,837)	(32,971)	18,705	(516,035)	(14,733)	538,693
Expenses							
GSTC capital expense	59,375	-	-	-	-	-	59,375
GSTC operating expense	47,770	-	-	-	-	-	47,770
Museum campaign expense	465,219	-	-	-	-	-	465,219
CPE campaign expense	2,248	-	-	-	-	-	2,248
Other programs expense	26,210	-	-	-	-	-	26,210
Fundraising expense	79,559	-	-	-	-	-	79,559
General and administrative	349,599	-	-	-	-	-	349,599
Legal and accounting	14,000	-	-	-	-	-	14,000
	1,043,980	-	-	-	-	-	1,043,980
Change in net assets	42,584	(2,837)	(32,971)	18,705	(516,035)	(14,733)	(505,287)
Net assets, beginning of period	121,507	21,840	184,305	17,657	2,660,397	21,785	3,027,491
Net assets, end of period	\$ 164,091	\$ 19,003	\$ 151,334	\$ 36,362	\$ 2,144,362	\$ 7,052	\$ 2,522,204

See the accompanying notes to financial statements.

Jekyll Island Foundation, Inc.

Statements of Activities (cont.)

Year ended June 30, 2017

	Unrestricted		Temporarily Restricted				Total
	Undesignated	Board Designated	Georgia Sea Turtle Center	CPE Campaign	Museum Campaign	Other	
Revenue							
Contributions	\$ 147,248	\$ -	\$ 98,612	\$ 767	\$ 321,055	\$ 11,871	\$ 579,553
In-kind contributions	251,504	-	-	-	-	-	251,504
Investment income	15,189	-	-	-	-	-	15,189
Board designation of contributions	(19,840)	19,840	-	-	-	-	-
Net assets released from restriction and change in designation	240,692	(33,123)	(79,213)	(971)	(127,380)	(5)	-
	634,793	(13,283)	19,399	(204)	193,675	11,866	846,246
Expenses							
GSTC capital expense	40,781	-	-	-	-	-	40,781
GSTC operating expense	38,432	-	-	-	-	-	38,432
Museum campaign expense	56,742	-	-	-	-	-	56,742
CPE campaign expense	971	-	-	-	-	-	971
Other programs expense	33,127	-	-	-	-	-	33,127
Fundraising expense	59,627	-	-	-	-	-	59,627
General and administrative	366,550	-	-	-	-	-	366,550
Legal and accounting	14,000	-	-	-	-	-	14,000
	610,230	-	-	-	-	-	610,230
Change in net assets	24,563	(13,283)	19,399	(204)	193,675	11,866	236,016
Net assets, beginning of period	96,944	35,123	164,906	17,861	2,466,722	9,919	2,791,475
Net assets, end of period	\$ 121,507	\$ 21,840	\$ 184,305	\$ 17,657	\$ 2,660,397	\$ 21,785	\$ 3,027,491

See the accompanying notes to financial statements.

Jekyll Island Foundation, Inc.

Statements of Cash Flows

<i>Years ended June 30,</i>	2018	2017
Operating activities		
Change in net assets	\$ (505,287)	\$ 236,016
Adjustments to reconcile change in net assets to cash provided by operating activities		
Realized/unrealized gain on investments	(5,943)	(15,189)
Changes in assets and liabilities		
Pledges receivable	1,146,312	374,945
Other receivables	15,616	(15,616)
Due from Jekyll Island Authority	21,649	(27,534)
Inventory	149	378
Prepaid expenses	-	403
Due to Jekyll Island Authority	33,094	-
Cash provided by operating activities	705,590	553,403
Investing activities		
Proceeds from sale of investments	315,770	120,358
Purchase of investments	(316,484)	(118,227)
Cash (used for) provided by investing activities	(714)	2,131
Increase in cash	704,876	555,534
Cash and cash equivalents, beginning of period	1,096,983	541,449
Cash and cash equivalents, end of period	\$ 1,801,859	\$ 1,096,983

See the accompanying notes to financial statements.

1. Summary of Significant Accounting Policies

General

The Jekyll Island Foundation, Inc. (the Foundation), a not-for-profit organization, is organized for charitable, educational and scientific purposes, including the raising, managing and disbursing of funds to support the work of the Jekyll Island Authority (the Authority) in its stewardship of the natural and developed resources of Jekyll Island.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets

The Foundation reports information regarding its financial position and activities according to the following classes of net assets: unrestricted, unrestricted board designated, temporarily restricted and permanently restricted.

Unrestricted net assets include all resources that are not subject to donor-imposed restrictions. Certain of these resources have been designated by the Foundation's Board of Directors for specific purposes and are included in the accompanying statement of financial position in unrestricted board designated net assets. All other unrestricted resources are included in unrestricted undesignated net assets.

Temporarily restricted net assets are subject to donor-imposed restrictions requiring the Foundation to use the donated assets as specified. Restrictions are satisfied either by the passage of time or by actions of the Foundation.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Foundation. There are no permanently restricted assets for the Foundation at June 30, 2018.

Cash

Cash consists of money market funds which are reported at their fair values on the statement of financial position.

Interest income on cash and cash equivalents is recorded on an accrual basis. Investment management and custodian fees are recorded as a reduction of investment income for financial reporting purposes.

Investments and Fair Value

Investments are carried at fair value on the statements of financial position. Realized and unrealized gains or losses are reported as unrestricted revenues in the statements of activities.

Investment transactions are recorded on the trade date. Realized gains and losses on the sale of investments are calculated on the basis of specific identification of the securities sold. Investment income is recorded on an accrual basis.

Accounting principles generally accepted in the United States of America establish a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy for fair value measurements is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

Notes to Financial Statements

1. Summary of Significant Accounting Policies (cont.)

Investments and Fair Value (cont.)

Level 1 - Unadjusted quoted prices in the active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

When determining the fair value measurements for assets or liabilities required or permitted to be recorded at fair value, management considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability.

The Foundation's investments consist of marketable debt and equity securities, which are valued based upon quoted prices.

Inventory

Inventory consists primarily of promotional gifts and may also include retailing merchandise. Donated inventory is valued at the lower of estimated fair value at the date of receipt or market. Purchased inventory is valued at the lower of cost or market.

Contributions

Contributions, including unconditional pledges, are recognized as revenue in the period the contributions are received or the unconditional pledge is made. Conditional pledges and grants are not recognized until the conditions on which they depend are substantially met.

Contributions are recorded in the statements of activities as unrestricted or temporarily restricted revenues based on donor stipulations. When donor restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction. Temporarily restricted contributions received during the year for which the restrictions are met during the same year are recorded as temporarily restricted contributions and net assets released from restriction in the statements of activities.

Non-monetary contributions are recorded at estimated fair value at the date of receipt.

A number of volunteers have contributed significant amounts of time to the Foundation; however, no amounts have been reflected in the accompanying financial statements for such contributed services as these services do not meet the criteria for recognition as contributions under accounting principles generally accepted in the United States of America.

Pledges

Unconditional pledges are reported at their net realizable value. Management has estimated an allowance for uncollectible pledges of \$24,000 and \$53,949 at June 30, 2018 and 2017, respectively.

1. Summary of Significant Accounting Policies (cont.)

Other Receivables

Other receivables are reported at their net realizable value. Since management believes that all other receivables are collectible, an allowance for uncollectible receivables has not been established.

Income Taxes

The Foundation qualifies as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code per a determination letter obtained from the Internal Revenue Service dated April 11, 2005. Therefore, no provision for income taxes is reflected in these financial statements. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability (or asset) if the Foundation has taken an uncertain tax position that more likely than not would be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2018 there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Foundation currently has no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2014.

Related Party Transactions

The Authority paid general and administrative costs on behalf of the Foundation of approximately \$173,000 and \$182,000 during the years ended June 30, 2018 and 2017, respectively. This includes certain expenses and costs necessary and appropriate to carry on the business of the Foundation such as utilities, salaries and other office and administrative expenses. The Authority's support is included in in-kind contributions revenue, as well as fundraising and general expense. Further, the Foundation employees occupy space, rent free, in a building owned by the Authority.

All furniture, equipment and other assets used by the Foundation employees to carry on the business of the Foundation are owned by the Authority. Additionally, any assets purchased by the Foundation are purchased on behalf of the Authority and the Georgia Sea Turtle Center. Therefore, no fixed assets are recorded on the accompanying statements of financial position.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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.

Subsequent Events

Subsequent events have been evaluated through September 17, 2018, the date the financial statements were available to be issued.

Jekyll Island Foundation, Inc.

Notes to Financial Statements

2. Investments

Investments consist of the following:

<i>June 30,</i>	2018		2017	
	Cost	Market	Cost	Market
Money market funds	\$ 13,016	\$ 13,016	\$ 4,371	\$ 4,371
Equity securities				
Natural resources	-	-	3,429	2,628
Preferred stock	-	-	8,101	7,991
Emerging markets	-	-	3,815	3,853
Other international equities	2,978	2,863	7,508	7,302
Small blend	1,367	1,502	-	-
Mid-cap growth	5,947	6,463	-	-
Large funds	38,535	41,095	-	-
Other miscellaneous	2,158	2,021	-	-
Mutual funds				
Equity	4,237	4,154	85,425	93,240
Fixed income	79,503	77,459	22,966	22,531
	\$ 147,741	\$ 148,573	\$ 135,615	\$ 141,916

3. Pledges

The Foundation's pledges receivable consists of unconditional pledges as follows:

<i>June 30,</i>	2018		2017	
Receivable in				
Less than one year	\$ 350,319	\$ 1,208,133		
One to five years	271,731	590,178		
	622,050	1,798,311		
Allowance for uncollectible pledges	24,000	53,949		
	\$ 598,050	\$ 1,744,362		

4. Other Receivables

Other receivables consist of hotel donations that were collected by the hotels on behalf of the Foundation prior to June 30, 2017. All amounts have been subsequently received.

Notes to Financial Statements

5. Board Designated Net Assets

Net assets have been designated by the Board of Directors for the following purposes:

<i>June 30,</i>	2018		2017	
GSTC operations*	\$	19,003	\$	21,840
	\$	19,003	\$	21,840

*GSTC refers to Georgia Sea Turtle Center.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

<i>June 30,</i>	2018		2017	
GSTC* international programs	\$	3,994	\$	3,994
GSTC* special events		914		914
GSTC* research		1,657		11,335
GSTC* general operations		125,327		130,950
GSTC* conservation of tropical reptiles		-		5,909
GSTC* habitat quality grant		-		1,507
GSTC* Meloxicam study grant		9		4,201
GSTC* capital		19,433		25,495
CPE** campaign		36,362		17,657
Museum campaign		2,144,362		2,660,397
Conservation project		5,782		5,782
Faith Chapel		1,270		1,270
Hollybourne		-		14,733
Temporarily restricted net assets	\$	2,339,110	\$	2,884,144

* GSTC refers to Georgia Sea Turtle Center.

** CPE refers to Conservation, Preservation, and Education.

7. Fair Value of Financial Instruments

The following tables set forth, by level within the fair value hierarchy, the Foundation's investment assets at fair value as of June 30, 2018 and 2017. As required by accounting principles generally accepted in the United States of America, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Notes to Financial Statements

7. Fair Value of Financial Instruments (cont.)

Investment Assets at Fair Value					
<i>June 30, 2018</i>	Level 1	Level 2	Level 3	Total	
Money market funds	\$ 13,016	\$ -	\$ -	\$ 13,016	
Equity securities					
Other international equities	2,863	-	-	2,863	
Small blend	1,502	-	-	1,502	
Mid-cap growth	6,463	-	-	6,463	
Large funds	41,095	-	-	41,095	
Other miscellaneous	2,021	-	-	2,021	
Mutual funds					
Equity	4,154	-	-	4,154	
Fixed income	77,459	-	-	77,459	
Total investments at fair value	\$ 148,573	\$ -	\$ -	\$ 148,573	
<hr/>					
<i>June 30, 2017</i>	Level 1	Level 2	Level 3	Total	
Money market funds	\$ 4,371	\$ -	\$ -	\$ 4,371	
Equity Securities					
Natural resources	2,628	-	-	2,628	
Preferred stock	7,991	-	-	7,991	
Emerging markets	3,853	-	-	3,853	
Other international equities	7,302	-	-	7,302	
Mutual funds					
Equity	93,240	-	-	93,240	
Fixed income	22,531	-	-	22,531	
Total investments at fair value	\$ 141,916	\$ -	\$ -	\$ 141,916	

8. Expenses Presented on a Functional Basis

Expenses presented on a functional basis are as follows:

<i>Year ended June 30,</i>	2018	2017
Programs	\$ 600,822	\$ 170,053
Fundraising	79,559	59,627
Management and general	363,599	380,550
Net expenses	\$ 1,043,980	\$ 610,230

9. Risks and Uncertainties

The Foundation maintains cash at a commercial bank in a deposit account which at various days throughout the year, exceeded the Federal Deposit Insurance Corporation (FDIC) federally insured limits of \$250,000. The Foundation has not experienced any losses of such funds and management believes the Foundation is not exposed to significant risk on cash. The amount in excess of the FDIC limit approximated \$1,187,000 and \$897,400 as of June 30, 2018 and June 30, 2017, respectively.

The Foundation invests in various investment securities. Investments, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investments, it is reasonably possible that the changes in the values of investments will occur in the near term and that such changes could be material in relation to these financial statements.