

F.I.S.H. OF SANIBEL, INC.

**FINANCIAL STATEMENTS,
TOGETHER WITH
REPORT OF INDEPENDENT AUDITOR**

**YEAR ENDED
DECEMBER 31, 2010**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
F.I.S.H. of Sanibel, Inc.
Sanibel, Florida

We have audited the accompanying statement of financial position of F.I.S.H. of Sanibel Inc. (a not-for-profit Florida corporation), as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of F.I.S.H of Sanibel, Inc., as of December 31, 2010, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

STROEMER & COMPANY, P.A.
Fort Myers, Florida
May 31, 2011

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants - Management Consulting Services Division / Private Companies Practice Section / Tax Division

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F.I.S.H. OF SANIBEL, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2010

Page 2 of 13

	<u>Amount</u>
ASSETS	
Cash	\$ 95,729
Certificates of deposit	61,658
Prepaid expenses	7,702
Property, plant and equipment, net	<u>44,249</u>
TOTAL ASSETS	<u>\$ 209,338</u>
 LIABILITIES AND NET ASSETS	
Accounts payable	\$ 2,087
Payroll taxes payable	1,394
Payroll payable	<u>3,443</u>
TOTAL LIABILITIES	6,924
 NET ASSETS	
Unrestricted	202,414
Temporarily restricted	<u>-</u>
TOTAL NET ASSETS	<u>202,414</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 209,338</u>

The accompanying notes are an integral part of this statement

F.I.S.H. OF SANIBEL, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2010

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
CHANGES IN NET ASSETS			
SUPPORT AND REVENUES			
Contributions, individuals	\$ 52,568	\$ -	\$ 52,568
Contributions, organizations	105,462	-	105,462
Community Fund Drive income	94,603	-	94,603
Food pantry contributions - cash	3,898	-	3,898
Other event income	40,073	-	40,073
Gifts in kind	81,083	-	81,083
Interest income	428	-	428
TOTAL SUPPORT AND REVENUES	378,115	-	378,115
NET ASSETS RELEASE FROM RESTRICTION	20,000	(20,000)	-
TOTAL	398,115	(20,000)	378,115
EXPENSES			
Program services	255,586	-	255,586
Management and general	21,747	-	21,747
Fundraising	19,772	-	19,772
TOTAL EXPENSES	297,105	-	297,105
INCREASE IN NET ASSETS	101,010	(20,000)	81,010
NET ASSETS, JANUARY 1, 2010	101,404	20,000	121,404
NET ASSETS, DECEMBER 31, 2010	\$ 202,414	\$ -	\$ 202,414

The accompanying notes are an integral part of this statement.

F.I.S.H. OF SANIBEL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2010

	<u>Support Services</u>			Total Expenses
	Program Services	Management and General	Fundraising	
Wages	\$ 38,149	\$ 2,080	\$ -	\$ 40,229
Payroll taxes and insurance	2,673	146	-	2,819
Meals on wheels (net)	5,255	-	-	5,255
Client support	87,472	-	-	87,472
Friendly faces luncheon (net)	484	-	-	484
Food pantry distributions	62,939	-	-	62,939
Rent	25,565	1,065	-	26,630
Office equipment and furniture	810	37	-	847
Copier lease and supplies	1,696	1,696	-	3,392
Computer equipment and support	4,596	1,532	-	6,128
Other office supplies	4,217	1,405	-	5,622
Electricity	2,899	121	-	3,020
Cleaning service	2,880	120	-	3,000
Security service	202	8	-	210
Maintenance service	1,533	64	-	1,597
Insurance	1,477	493	-	1,970
Telephone	3,113	130	-	3,243
Moving expense	-	150	-	150
Answering service	3,475	-	-	3,475
Telephone, answering service	699	-	-	699
Postage	-	2,020	-	2,020
Printing and stationary	-	834	-	834
Printing preparation services	-	1,500	-	1,500
Solicitation and promotion	-	-	5,264	5,264
Volunteer recognition	-	4,060	-	4,060
Donor recognition	-	59	-	59
Business and professional fees	-	3,947	1,316	5,263
Events expense	-	-	13,192	13,192
Other miscellaneous expense	840	280	-	1,120
	<u>250,974</u>	<u>21,747</u>	<u>19,772</u>	<u>292,493</u>
Depreciation expense	4,612	-	-	4,612
	<u>\$ 255,586</u>	<u>\$ 21,747</u>	<u>\$ 19,772</u>	<u>\$ 297,105</u>

The accompanying notes are an integral part of this statement.

F.I.S.H. OF SANIBEL, INC.
STATEMENT OF CASH FLOWS
Year ended December 31, 2010

	<u>Amount</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from contributions - individuals	\$ 52,568
Cash received from contributions - organizations	105,462
Cash received from Community Fund Drive	94,603
Cash received from other events	40,073
Cash received from contributions - food pantry	3,898
Interest received	428
Cash paid for operating expenditures	<u>(207,851)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	89,181
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of certificates of deposit	(14,999)
Reinvested interest	(428)
Purchase of property, plant, and equipment	<u>(33,899)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(49,326)
CASH FLOW FROM FINANCING ACTIVITIES	<u>-</u>
Net change in cash and cash equivalents	39,855
Cash and cash equivalents, January 1, 2010	<u>55,874</u>
CASH AND CASH EQUIVALENTS DECEMBER 31, 2010	<u>\$ 95,729</u>
SUPPLEMENTAL DISCLOSURE OF NON CASH OPERATING ACTIVITIES	
Food pantry contributions received - food	\$ 44,863
Food pantry expenditures, net of purchased food	\$ (44,863)
Donated services received - professional	\$ 22,621
Donated service expenditures	\$ (22,621)
Other gifts in kind received - auction items	\$ 6,000
Special event expenditures	\$ (6,000)
SUPPLEMENTAL DISCLOSURE OF NON CASH INVESTING AND FINANCING TRANSACTIONS	
Donated property and equipment received	\$ 7,597

The accompanying notes are an integral part of this statement.

**RECONCILIATION OF INCREASE IN NET
ASSETS TO NET CASH PROVIDED BY
(USED IN) OPERATING ACTIVITIES**

	<u>Amount</u>
Increase in net assets	\$ 81,010
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:	
Depreciation	4,612
Decrease in accounts receivable	1,984
Increase in prepaid expenses	(4,994)
Increase in accounts payable	2,087
Increase in payroll payable	3,443
Increase in payroll taxes payable	<u>1,039</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 89,181</u>

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and nature of operations

F.I.S.H. of Sanibel (the "Organization") is a nonprofit organization incorporated in 2007 to provide services to those in need who live, work, or visit Sanibel or Captiva. The Organization provides free services such as transportation, food pantry, meal delivery, health equipment, and emergency financial assistance. These services are performed by volunteers who care about prolonging the quality of life for all those who request help.

The Organization relies on volunteers to share their time, resources, and talents with residents and visitors who need a helping hand, a caring friendship, and needed services.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The accounting and reporting policies of the Organization are in accordance with the accounting standards issued by the Financial Accounting Standards Board ("FASB") in the Accounting Standards Codification ("ASC").

Financial statement presentation

The Organization prepares its financial statements in accordance with the Not-for-Profit Organizations Topic of the FASB ASC. In accordance with this topic, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Contributions

The Organization reports its contributions in accordance with the Not-For-Profit Entities Topic of the FASB ASC. In accordance with this topic, 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 contributions are reported as increases 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 changes in net assets as net assets released from restrictions.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Recognition of contributions

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of changes in net assets as net assets released from restrictions. Although restricted contributions typically are reported as support that increases restricted net assets, they may be reported as unrestricted support if the restrictions are met in the same reporting period, the policy is followed consistently, and it is disclosed.

Property and equipment

Property and equipment are stated at cost (fair market value as of date received for donated assets) and depreciated using the straight-line method over their estimated useful lives. The Organization's capitalization policy provides for all property and equipment that have a cost of \$500 or more and a useful life of greater than one year to be capitalized.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and any gain or loss is included is charged to the change in net assets.

Deferred revenue

Revenue collected for specific activities are deferred until such time as the activity occurs.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Income taxes

The Internal Revenue Service has determined that the Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is a not-for-profit Florida corporation and therefore is not subject to state income taxes. The Organization is not classified as a private foundation within the meaning of Section 509(a) of the Code. However, the Organization is subject to federal income tax on any unrelated business taxable income, and it does not have any.

The Organization's tax filings are subject to audit by various taxing authorities. Certain income tax returns filed by the Organization remain open to examination by these government agencies. The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes and the Organization adopted this guidance. The Organization has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

Cash and cash equivalents

For the purpose of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Impairment of long - lived assets

The Organization adheres to the Property, Plant and Equipment Topic of the FASB ASC to account for the impairment of long - lived assets. This topic requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

There was no effect on the Organization's financial statements resulting from this topic for the year ended December 31, 2010.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Functional expenses

The Organization allocates its expenses on a functional basis among its various program and supporting services. Expenses that can be identified with a specific program service are allocated directly according to their natural expenditure classification. Non-direct expenses are allocated using a reasonable percentage method determined by management.

Donated services

In fiscal 2010, the Organization's volunteers donated 4,849 hours and drove 24,556 miles providing transportation and other program services, which together are valued at approximately \$47,000. The FASB ASC standard for donated services provides that services that do not require specialized skills or enhance nonfinancial assets should not be recognized. Accordingly, these amounts are not recorded in the financial statements. Donated services that were provided by individuals with specialized skills are reflected in the financial statements at estimated market value and totaled \$22,621.

Fair value of financial instruments

The Financial Instruments Topic of the FASB ASC clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

The Organization's financial instruments consist of cash, accounts receivable, prepaids, accounts payable, and deferred contributions. The Organization estimates that the fair value of all financial instruments at December 31, 2010 do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Concentrations of credit risk

The Organization maintains its cash balances in bank deposit accounts, which at times may exceed federally insured limits. The Organization believes it is not exposed to any significant credit risk on cash.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Impairment of long-lived assets

The Organization adheres to the Property, Plant and Equipment Topic of the FASB ASC to account for the impairment of long-lived assets. This topic requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

There was no effect on the Organization's financial statements resulting from this topic for the year ended December 31, 2010.

Management 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following at December 31, 2010:

	<u>Amount</u>
Furniture, fixtures, and computers	\$ 25,906
Leasehold improvements	16,230
Computer hardware and software	8,549
Less accumulated depreciation	(6,436)
	<u>\$ 44,249</u>

Depreciation expense for the year ended December 31, 2010 was \$4,612.

NOTE C - CONTINGENCIES

The Organization is currently receiving, and has received in the past, grants that are subject to special compliance audits by the grantor. These audits may result in disallowed expense amounts. Disallowed amounts, if any, constitute a contingent liability of the Organization. Accordingly, such liabilities are not reflected within the financial statements. The Organization does not believe contingent liabilities, if any, are material.

NOTE D - COMMITMENTS

During 2010, the Organization entered into a five-year office lease agreement ending in June of 2015. This agreement superseded the previous three-year agreement entered into during 2009. The Organization also has a sixty-three month lease agreement with an equipment leasing company ending in April of 2012. The agreement automatically renews for successive periods until the equipment is either returned or purchased by the organization at fair market value, as per the lease agreement.

The following is a schedule of future minimum lease payments under the non-cancelable operating lease agreement:

<u>December 31,</u>	<u>Amount</u>
2010	\$ 39,500
2011	39,500
2012	38,375
2013	38,000
2014	38,000
Thereafter	19,000
	<u>\$ 212,375</u>

NOTE E - SUBSEQUENT EVENTS

Management has assessed subsequent events through May 31, 2011, the date on which the financial statements were available to be issued.

**ADDITIONAL REPORT OF
INDEPENDENT AUDITOR**



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INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Board of Directors
F.I.S.H. of Sanibel, Inc.
Sanibel, Florida

In connection with our audit of the financial statements of F.I.S.H. of Sanibel, Inc. (the "Organization"), as of and for the year ended December 31, 2010, we are submitting for your consideration the following comments and recommendations. These recommendations are designed to help improve internal accounting controls and achieve operational efficiencies. Our comments and recommendations reflect our desire to be of continuing assistance to the Organization.

These comments deal exclusively with operations, accounting and recordkeeping systems and procedures, and should not be regarded as reflecting on the integrity or capabilities of anyone within the Organization. Also, our comments and recommendations have been restricted to the specific points noted, and are not intended as a commentary on the various favorable aspects of the Organization's procedures.

All of the observations contained in this report are a by-product of our audit of the Organization's financial statements and, therefore, the cost justification and other aspects of our recommendations have not been fully evaluated; these evaluations should be made by the Organization. Because of this we recognize, after consideration, certain comments and recommendations may not be practical to implement.

PRIOR YEAR COMMENTS THAT CONTINUED TO APPLY:

None

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants - Management Consulting Services Division / Private Companies Practice Section / Tax Division

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CURRENT YEAR COMMENTS:

1 Year End Account Reconciliation Process

We recommend that the Organization enhance its procedures related to year end account reconciliations. Review and approval of all supporting documentation in comparison with general ledger accounts would allow for greater internal accounting controls over financial information and ensure that records accurately present all of the Organizations activity.

2 Cash Disbursement Approval Process

We recommend that the Organization enhance its procedures in relation to the cash disbursement process. Review and approval of monthly bank statements, by a non-bank signer would allow for greater internal accounting controls over financial information and reduce the risk of both erroneous and inappropriate actions.

3 Segregation of Duties

We recommend that as the Organization continues to grow that it implements a more structured organizational framework that will allow for greater segregation of duties. Proper segregation of duties can reduce the risk of erroneous and inappropriate actions. In an ideal system, different employees would perform each of the following major functions: Authorization, Custody, Record-Keeping, and Reconciliation.

4 Allocation of Functional Expenses.

We recommend that the Organization develop a formal policy for the allocation of functional expenses. This policy should specifically identify criteria for determining what portion of expense is related to each functional category. A consistent approach will improve the comparability of annual expenditures.

This report is intended solely for the information and use of management and the Board of Directors, as well as federal and state audit agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.



STROEMER & COMPANY, P.A.

Fort Myers, Florida
May 31, 2011

EXHIBIT



F.I.S.H. of Sanibel, Inc.

Friends In Service Here of Sanibel

A 501(c)(3) non-profit serving Sanibel and Captiva

"Neighbors Helping Neighbors"

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Bill Fellows

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John Pryor

Joel Soobitsky

David Wright

Executive Director

Maggi Feiner

Program Director

Christine A. Swiersz,
L.C.S.W.

June 29, 2011

Stroemer & Company, P.A
14030 Metropolis Ave, #200
Fort Myers, Florida 33912

Gentlemen:

We have reviewed your Report to Management and agree with your recommendations. They will be implemented in 2011.

FISH of Sanibel, Inc.

Charles W. Specht,
Treasurer



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& Glades Counties

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