**MARINE DISCOVERY CENTER, INC.**

**NEW SMYRNA BEACH, FLORIDA**

**FINANCIAL STATEMENTS**

**(AUDITED)**

**DECEMBER 31, 2021**

BH BW
BOLERJACK, HALSEMA, BOWLING & WHITE PA
CERTIFIED PUBLIC ACCOUNTANTS

MARINE DISCOVERY CENTER, INC.

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CERTIFIED PUBLIC ACCOUNTANTS

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# INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Marine Discovery Center, Inc.
New Smyrna Beach, Florida

## Opinion

We have audited the accompanying financial statements of Marine Discovery Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 Marine Discovery Center, Inc. as of December 31, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Marine Discovery Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## 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 Marine Discovery Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditors' 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 auditors' 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 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, 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 Marine Discovery Center, 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 Marine Discovery Center, 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.

Bolerjack, Holsberry, Bradley & White PA

New Smyrna Beach, Florida
November 30, 2022

FINANCIAL STATEMENTS

MARINE DISCOVERY CENTER, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| ASSETS | | | |
| Cash and cash equivalents | $ 359,305 | $ 440,817 | $ 800,122 |
| Short-term investments, at fair value | 230,561 | 0 | 230,561 |
| Grants and contributions receivable | 200 | 0 | 200 |
| Inventory | 22,032 | 0 | 22,032 |
| Prepaid expenses | 12,266 | 0 | 12,266 |
| Property and equipment, net | 661,645 | 0 | 661,645 |
| Deposits | 2,350 | 0 | 2,350 |
| TOTAL ASSETS | $ 1,288,359 | $ 440,817 | $ 1,729,176 |
| LIABILITIES AND NET ASSETS | | | |
| Liabilities: | | | |
| Accounts payable | $ 12,716 | $ 0 | $ 12,716 |
| Accrued expenses | 7,856 | 0 | 7,856 |
| Total Liabilities | $ 20,572 | $ 0 | $ 20,572 |
| Net Assets: | | | |
| Without donor restrictions: | | | |
| Available for operations | $ 1,116,098 | $ 0 | $ 1,116,098 |
| Board designated | 151,689 | 0 | 151,689 |
| With donor restrictions | 0 | 440,817 | 440,817 |
| Total Net Assets | $ 1,267,787 | $ 440,817 | $ 1,708,604 |
| TOTAL LIABILITIES AND NET ASSETS | $ 1,288,359 | $ 440,817 | $ 1,729,176 |

The Accompanying Notes Are an Integral Part of These Financial Statements

MARINE DISCOVERY CENTER, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| SUPPORT AND REVENUE | | | |
| Support: | | | |
| Grants | $ 125,650 | $ 0 | $ 125,650 |
| Contributions | 253,346 | 191,695 | 445,041 |
| In-kind contributions | 0 | 226,600 | 226,600 |
| Special events | 54,695 | 0 | 54,695 |
| Memberships | 18,459 | 0 | 18,459 |
| Total Support | $ 452,150 | $ 418,295 | $ 870,445 |
| Revenues, Gains and Losses: | | | |
| Boat and kayak tours | $ 245,919 | $ 0 | $ 245,919 |
| Camps | 128,283 | 0 | 128,283 |
| Education programs | 43,180 | 0 | 43,180 |
| Gift shop sales | 61,308 | 0 | 61,308 |
| Investment income, net | 27,401 | 0 | 27,401 |
| Miscellaneous income | 12,230 | 0 | 12,230 |
| Total Revenue, Gains and Losses | $ 518,321 | $ 0 | $ 518,321 |
| TOTAL SUPPORT AND REVENUE | $ 970,471 | $ 418,295 | $1,388,766 |
| **Net assets released from restrictions:** | | | |
| Satisfaction of program restrictions | 266,942 | (266,942) | 0 |
| TOTAL SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS | $ 1,237,413 | $ 151,353 | $1,388,766 |
| EXPENSES | | | |
| Boat and kayak tours | $ 316,715 | $ 0 | $ 316,715 |
| Camps | 169,231 | 0 | 169,231 |
| Education programs | 104,712 | 0 | 104,712 |
| Gift shop | 99,808 | 0 | 99,808 |
| Exhibits | 55,628 | 0 | 55,628 |
| Restoration and preservation projects | 160,174 | 0 | 160,174 |
| Management and general | 133,356 | 0 | 133,356 |
| Special events/fundraising | 40,986 | 0 | 40,986 |
| TOTAL EXPENSES | $ 1,080,610 | $ 0 | $1,080,610 |
| CHANGE IN NET ASSETS | $ 156,803 | $ 151,353 | $ 308,156 |
| NET ASSETS – BEGINNING OF YEAR | 1,110,984 | 289,464 | 1,400,448 |
| NET ASSETS – END OF YEAR | $ 1,267,787 | $ 440,817 | $1,708,604 |

The Accompanying Notes Are an Integral Part of These Financial Statements

MARINE DISCOVERY CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

| | Boat & Kayak Tours | Camps | Education | Gift Shop | Exhibits | Restoration and Preservation Projects | Total Program Services | Management and General | Special Events/ Fundraising | Total Expenses |
|---|---|---|---|---|---|---|---|---|---|---|
| Salaries, payroll taxes and benefits | $ 170,119 | $ 60,996 | $ 64,557 | $ 27,245 | $ 23,670 | $ 41,141 | $ 387,728 | $ 30,742 | $ 0 | $ 418,470 |
| Cost of sales | 0 | 0 | 0 | 36,981 | 0 | 0 | 36,981 | 0 | 0 | 36,981 |
| Project expenses | 0 | 0 | 0 | 0 | 0 | 119,033 | 119,033 | 0 | 0 | 119,033 |
| Professional development | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,550 | 0 | 2,550 |
| Telephone | 2,322 | 1,206 | 406 | 575 | 282 | 0 | 4,791 | 846 | 0 | 5,637 |
| Utilities | 4,459 | 2,316 | 779 | 1,104 | 542 | 0 | 9,200 | 1,623 | 0 | 10,823 |
| Maintenance and repairs | 21,863 | 0 | 0 | 0 | 15,504 | 0 | 37,367 | 20,744 | 0 | 58,111 |
| Office expense | 9,793 | 5,087 | 1,711 | 2,425 | 1,188 | 0 | 20,204 | 3,566 | 0 | 23,770 |
| Miscellaneous | 856 | 620 | 1,062 | 9 | 0 | 0 | 2,547 | 822 | 0 | 3,369 |
| Supplies | 559 | 4,938 | 644 | 465 | 0 | 0 | 6,606 | 14,312 | 0 | 20,918 |
| Insurance | 9,572 | 4,619 | 1,540 | 1,540 | 0 | 0 | 17,271 | 14,822 | 0 | 32,093 |
| Professional fees | 5,803 | 3,014 | 1,014 | 1,437 | 703 | 0 | 11,971 | 2,113 | 0 | 14,084 |
| Marketing | 3,880 | 2,015 | 678 | 961 | 471 | 0 | 8,005 | 1,413 | 0 | 9,418 |
| Facility lease – In Kind | 87,550 | 45,475 | 15,300 | 21,675 | 10,625 | 0 | 180,625 | 31,875 | 0 | 212,500 |
| Boat/kayak costs allocated | (28,738) | 17,763 | 10,975 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Scholarships and field trips | 0 | 9,870 | 2,239 | 0 | 0 | 0 | 12,109 | 0 | 0 | 12,109 |
| Special events/fundraising | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 40,986 | 40,986 |
| Depreciation | 28,677 | 11,312 | 3,807 | 5,391 | 2,643 | 0 | 51,830 | 7,928 | 0 | 59,758 |
| TOTAL EXPENSES | $ 316,715 | $ 169,231 | $ 104,712 | $ 99,808 | $ 55,628 | $ 160,174 | $ 906,268 | $ 133,356 | $ 40,986 | $ 1,080,610 |

The Accompanying Notes Are an Integral Part of These Financial Statements

MARINE DISCOVERY CENTER, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

| | |
|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in Net Assets | $ 308,156 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 59,758 |
| Unrealized (gain) on investments | (19,475) |
| In-kind contribution of construction in progress | (14,100) |
| (Increase) Decrease in: | |
| Grants and contributions receivable | 5,121 |
| Inventory | (1,446) |
| Prepaid expenses | (12,266) |
| Increase (Decrease) in: | |
| Accounts payable | 8,248 |
| Accrued expenses | (1,599) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | $ 332,397 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| (Purchases) of investments | $ (102,264) |
| Sales of investments | 51,629 |
| Purchases of property and equipment | (4,659) |
| NET CASH (USED IN) INVESTING ACTIVITIES | $ (55,294) |
| NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH | $ 277,103 |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH – BEGINNING OF YEAR | 523,019 |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH – END OF YEAR | $ 800,122 |

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows:

| | |
|---|---|
| Cash and cash equivalents | $ 359,305 |
| Restricted cash | 440,817 |
| TOTAL CASH, CASH EQUIVALENTS AND RESTRICTED CASH | $ 800,122 |

Amounts included in restricted cash represent those that are donor restricted for specific purposes.

The Accompanying Notes Are an Integral Part of These Financial Statements

## 1. NATURE OF ACTIVITIES

Marine Discovery Center, Inc. (the Organization) is a non-profit 501(c)(3) entity incorporated under the laws of the State of Florida on July 25, 1997. The Organization was formed to protect and restore Florida's coastal and Indian River Lagoon ecosystems through education, research and community stewardship. Specifically, the Organization provides hands-on, feet-wet educational programs through boat, kayak and walking tours of the Indian River Lagoon and surrounding coastal ecosystems including live animal exhibits, children's camps, and various collaboration projects with government agencies, universities, non-government organizations and the private sector.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Basis of Accounting

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. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

### B. Financial Statement Presentation

Financial statement presentation follows the requirements of FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor-imposed restrictions.

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization and/or passage of time, and net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Revenue Recognition

Revenue from exchange transactions is measured based on the amount of consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. Exchange transactions are those in which a reciprocal transfer occurs between two entities, exchanging resources for assets. The Organization recognizes revenue when and as performance obligations are satisfied, which generally occurs with the transfer of control of the goods or services to the customer. The Organization's revenue sources which are transferred at a point in time include boat and kayak tours, camps, education programs, and gift shop sales. The Organization's revenue sources which are transferred over time include membership.

The timing of the Organization's revenue recognition from exchange transactions is as follows:

| | |
|---|---|
| Services transferred at a point in time | $ 478,690 |
| Services transferred over time | 18,459 |
| Total revenue from contracts with customers | $ 497,149 |

The Organization had no receivables from contracts with customers, contract assets or contract liabilities as of December 31, 2021.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents are defined as cash deposits and money-market accounts with original maturities of 90 days or less.

E. Investments

Investments in marketable securities with readily determinable fair values are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. To calculate realized gains or losses on the disposition of investments and unrealized gains or losses, cost is determined by specific identification. All gains or losses and ordinary income from investments are accounted for as revenue without donor restrictions unless it is restricted for a specific purpose by the donor of the related investment.

F. Grants and Contributions Receivable

Grants and contributions receivable for services rendered are primarily from state agencies and local organizations. Unconditional promises to give are recognized as revenues in the period received and as assets, or decreases in liabilities or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Due to the nature of these agencies, no allowance for uncollectible accounts has been established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

G. Inventory

Inventory consists of items for sale in the Organization's gift shop and is stated at the lower of cost or net realizable value. Cost is determined using the weighted-average cost method of accounting.

H. Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, grants and contributions receivable and accounts payable approximates fair value due to the short maturity of these instruments. None of the financial instruments are held for trading purposes.

I. Contributions

Contributions, including unconditional promises to give, are recorded as received. All contributions are considered to be available for use as net assets without donor restrictions unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are reflected as short-term contributions receivable and are recorded at their net realizable value.

Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support that increases the net assets with donor restrictions net asset class. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

J. Donated Services, Facilities and Other In-Kind Support

Contributions of donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations, are recorded at their fair values in the period received. Donated services, facilities and other in-kind support that meet the above criteria are recognized as revenues and are reported in the accompanying financial statements at their estimated fair value at the time of receipt.

No amounts have been reflected in the accompanying financial statements for donated services. The Organization generally pays for services requiring specific expertise. Many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Property and Equipment

Property and equipment are stated at cost or at estimated fair value at the date of the gift. Expenditures for additions, improvements and major replacements greater than $2,500 are capitalized; expenditures for maintenance, repairs and minor renewals are charged to expense as incurred.

Certain donated services are capitalized as improvements when those services enhance the value of assets. 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 support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Depreciation is computed on the straight-line basis over the estimated useful lives of the respective assets, which range from 5 to 39 years.

L. Concentration of Credit Risk

The Organization receives support through grants from the Florida Fish and Wildlife Conservation Commission and the Indian River Lagoon Council. The grants are negotiated annually and are based upon the availability of funds at that time. The Organization also receives support through a grant from the County of Volusia for improvements to the Organization's property.

Any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Organization within the terms of the grants agreements. The funding received from the sources listed above is subject to annual availability of funds. This funding is subject to change and could be subject to the budgetary constraints of the funding sources.

Credit risk with respect to receivables is limited due to the credit worthiness of the government entities and organizations from whom the amounts are due.

The Organization also receives substantial support from a community of volunteers both in the form of in-kind services and monetary funds. In the event these sources of revenue were to discontinue, the Organization would have a difficult time achieving current program goals.

The Organization maintains deposits in one financial institution insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2021, the Organization had approximately $552,000 in excess of the FDIC coverage. The Organization also maintains investment accounts with an investment firm that is a member of the Securities Investor Protection Corporation (SIPC), which insures balances up to $500,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

M. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been included in these financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no net unrelated business income for the year ended December 31, 2021.

The Organization believes that it has appropriate support for any tax positions taken, and as such does not have any uncertain tax positions that are material to the financial statements. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended December 31, 2021 through 2018, are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

N. Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles 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.

O. Functional and Cost Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well depreciation, which is allocated based on the location of the respective assets. The costs of the Organization's activities have been summarized on a functional basis in the accompanying Statement of Activities. Accordingly, certain costs have been allocated between programs and supporting services.

P. Components of Program and Supporting Services

Program services consist of activities related to the restoration and protection of the Indian River Lagoon ecosystem and the services that the Organization provides. Supporting services consist of fundraising and administrative activities.

Q. Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through November 30, 2022, the date the financial statements were available to be issued.

## 3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization holds short-term investments for the purpose of investing excess operating cash. Cost and fair value of investments at December 31, 2021, is as follows:

| | Cost | Fair Value | Carrying Value | Unrealized Gain (Loss) |
|---|---|---|---|---|
| Mutual funds | $ 176,736 | $ 230,561 | $ 230,561 | $ 53,825 |
| TOTAL INVESTMENTS | $ 176,736 | $ 230,561 | $ 230,561 | $ 53,825 |

Funds are held in mutual funds through Charles Schwab. Investments in marketable securities with readily determinable fair values are reported at fair value in the accompanying statement of financial position. Fair values for short-term investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Generally accepted accounting principles provide a framework for measuring fair value and require expanded disclosure about fair value measurements of certain assets and liabilities.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Generally accepted accounting principles also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

*Level 1* – Quoted prices in active markets for identical assets or liabilities.

*Level 2* – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3* – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization utilizes *Level 1* inputs to measure the fair value for all of its investments at December 31, 2021. The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels during the year ended December 31, 2021.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Cont'd)

The following schedule summarizes the investment income (loss) included in the statement of activities:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Dividends reinvested | $ 7,635 | $ 0 | $ 7,635 |
| Unrealized gain (loss) | 19,475 | 0 | 19,475 |
| Interest on cash and cash equivalents | 291 | 0 | 291 |
| TOTAL INVESTMENT INCOME (LOSS) | $ 27,401 | $ 0 | $ 27,401 |

4. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable, including unconditional promises to give, at December 31, 2021, are as follows:

| | |
|---|---|
| Receivable in less than one year | $ 200 |
| TOTAL GRANTS AND CONTRIBUTIONS RECEIVABLE | $ 200 |

Grants and contributions receivable consist of amounts due from the Indian River Lagoon Council and other local organizations. Differences between the amounts allocated or granted and collected from these entities have historically been insignificant. Accordingly, no provision is made for uncollectible amounts.

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2021:

| | |
|---|---|
| Leasehold improvements | $ 767,720 |
| Boat and kayaks | 75,249 |
| Vehicles | 31,396 |
| Equipment and software | 2,998 |
| Construction in progress | 14,100 |
| | $ 891,463 |
| Less: Accumulated depreciation | (229,818) |
| PROPERTY AND EQUIPMENT, NET | $ 661,645 |

Depreciation expense was $59,758 for the year ended December 31, 2021.

6. OPERATING LEASE

The Organization leases its facility under a 50-year sub-lease agreement from the Wildlife Foundation of Florida which expires May 7, 2058. The sub-lease does not require monthly lease payments. The Organization has recorded $212,500 as in-kind contribution revenue and lease expense for the value of the contributed use of its facilities during the year ended December 31, 2021.

7. SHARED COSTS

The Organization shares its sub-leased building with another non-profit entity. In accordance with a written memorandum of understanding between the Organization and the other non-profit entity, certain expenses related to the sub-leased facilities are shared based upon square footage utilized.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are subject to the following purpose restrictions at December 31, 2021:

| | | |
|---|---|---|
| Costa Fishing | $ | 11,750 |
| Hunter (Technology) | | 31,425 |
| Ehrhardt Camp | | 18,000 |
| Garden Circles | | 22,000 |
| Jeep Beach | | 10,000 |
| Labyrinth | | 1,875 |
| Tide Pool Project | | 21,970 |
| Camp and Field Trip Scholarship | | 57,920 |
| Conservation Science | | 108,597 |
| ECHO Project | | 157,280 |
| TOTAL NET ASSETS WITH DONOR RESTRICTIONS | $ | 440,817 |

9. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors during the year ended December 31, 2021 as follows:

| | | |
|---|---|---|
| Hunter (Technology) | $ | 13,838 |
| Musante | | 9,616 |
| Ehrhardt Camp | | 2,000 |
| Labyrinth | | 1,125 |
| Scholarships | | 2,239 |
| Conservation science | | 8,804 |
| ECHO Project | | 2,720 |
| MLMEC Phase III (In-kind services) | | 14,100 |
| In-kind use of facilities | | 212,500 |
| TOTAL NET ASSETS RELEASED FROM RESTRICTIONS | $ | 266,942 |

## 10. BOARD DESIGNATED NET ASSETS

Board Designated net assets are as follows at December 31, 2021:

| | |
|---|---|
| Board designated endowment | $ 151,689 |
| TOTAL BOARD DESIGNATED NET ASSETS | $ 151,689 |

## 11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual, Board designated, or donor-imposed restrictions within one year of the statement of financial position date.

| | |
|---|---|
| Financial assets at December 31, 2021 | $ 1,030,883 |
| Less those unavailable for general expenditures within one year due to: | |
| Donor-imposed restrictions: | |
| Costa Fishing | (11,750) |
| Hunter (Technology) | (31,425) |
| Ehrhardt Camp | (18,000) |
| Garden Circles | (22,000) |
| Jeep Beach | (10,000) |
| Labyrinth | (1,875) |
| Tide Pool Project | (21,970) |
| Camp and Field Trip Scholarship | (57,920) |
| Conservation Science | (108,597) |
| ECHO Project | (157,280) |
| Board designations: | |
| Board designated endowment | (151,689) |
| Financial assets available to meet cash needs for general expenditure within one year | $ 438,377 |

The Organization is substantially supported by contributions, some of which are restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments, typically mutual funds. Occasionally, the Board also designates a portion of any operating surplus as reserves for various anticipated needs.

## 12. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Organization could be party to various matters involving disputes and/or litigation. While it is not possible at this time to determine the ultimate outcome of any such matters, management believes that any ultimate liability will not be material to the financial statements.

## 13. RISKS AND UNCERTAINTIES

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated and spread to several countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the United States declared states of emergency. It is unknown how long the economic impact of this situation on the business environment will last. The potential future disruptions to the Organization's operations or financial impact of these issues, if any, cannot be determined.