

OCEAN RESEARCH & CONSERVATION ASSOCIATION, INC.

FINANCIAL STATEMENTS

Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ocean Research & Conservation Association, Inc.
Fort Pierce, Florida

We have audited the accompanying statement of financial position of Ocean Research & Conservation Association, Inc. (the Association) (a nonprofit organization) as of June 30, 2021, and the related statement of activities, 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 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 Ocean Research & Conservation Association, Inc. as of June 30, 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.

DiBartolomeo, McBee, Hartley & Barnes

DiBartolomeo, McBee, Hartley & Barnes, P.A.

Fort Pierce, Florida

April 15, 2022

OCEAN RESEARCH & CONSERVATION ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
Year Ended June 30, 2021

ASSETS

	Without Donor Restriction	With Donor Restriction	Total
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 780,069	\$ 100,000	\$ 880,069
Investments	12,743	-	12,743
Accounts Receivable	339,409		339,409
Inventory	19,092	-	19,092
Prepaid Expenses	9,410	-	9,410
TOTAL CURRENT ASSETS	1,160,723	100,000	1,260,723
PROPERTY AND EQUIPMENT			
Furniture, Fixtures & Equipment	1,018,945	-	1,018,945
Monitoring Equipment	611,008	-	611,008
Leasehold Improvements	1,983	-	1,983
	1,631,936	-	1,631,936
Less Accumulated Depreciation	1,371,873	-	1,371,873
NET PROPERTY AND EQUIPMENT	260,063	-	260,063
	\$ 1,420,786	\$ 100,000	\$ 1,520,786

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 75,245	\$ -	\$ 75,245
Payroll & Related Liabilities	577,100	-	577,100
Deferred Grant Revenue	-	100,000	100,000
Accrued Expenses	42,952	-	42,952
TOTAL CURRENT LIABILITIES	695,297	100,000	795,297

NET ASSETS

Without Donor Restrictions	725,489	-	725,489
TOTAL NET ASSETS	725,489	-	725,489
	\$ 1,420,786	\$ 100,000	\$ 1,520,786

OCEAN RESEARCH & CONSERVATION ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Grants & Contracts			
State	\$ -	\$ 575,000	\$ 575,000
Contacts and Grants	-	672,195	672,195
Restricted donations	-	155,694	155,694
Contributions			
Individuals & Corporation	243,951	-	243,951
Foundations	201,336	-	201,336
InKind Donations	93,366	-	93,366
Interest Income	504	-	504
Other Income	4,932	-	4,932
Special Events	21,696	-	21,696
Unrealized Gain	7,971	-	7,971
Sales of Merchandise (net of cost of sales \$457)	1,452	-	1,452
SBA PPP Loan Forgiveness	196,270	-	196,270
Net Assets Released from Restrictions	1,402,889	(1,402,889)	-
TOTAL PUBLIC SUPPORT AND REVENUE	<u>2,174,367</u>	<u>-</u>	<u>2,174,367</u>
EXPENSES			
Program Services			
Kilroy	629,376	-	629,376
Ecotoxicity	93,467	-	93,467
Center for Citizen Science	509,906	-	509,906
Other Programs	160,354	-	160,354
Supporting Services			
Administrative	212,282	-	212,282
Fundraising	178,109	-	178,109
TOTAL EXPENSES	<u>1,783,493</u>	<u>-</u>	<u>1,783,493</u>
CHANGE IN NET ASSETS	390,874	-	390,874
NET ASSETS			
Beginning of Year	<u>334,615</u>	<u>-</u>	<u>334,615</u>
End of Year	<u>\$ 725,489</u>	<u>\$ -</u>	<u>\$ 725,489</u>

OCEAN RESEARCH & CONSERVATION ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	CENTER FOR CITIZEN SCIENCE			PROGRAM					SUPPORTING SERVICES			TOTAL EXPENSES	
	EDUCATION	CENTER FOR CITIZEN SCIENCE	LAND-TO-SEA	TOTAL	ECOTOXICITY	ONE HEALTH	KILROY	RESEARCH & DEVELOPMENT	TOTAL	ADMINISTRATIVE	FUNDRAISING		TOTAL
Advertising & Publications	\$ 40	\$ 284	\$ -	\$ 324	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,336	\$ 57,336	57,659
Bank Charges/Interest	-	781	-	781	-	-	-	15	15	501	15	516	1,312
Boat Fuel	48	100	67	215	79	190	3,629	-	3,898	-	-	-	4,113
Cleaning & Maintenance	-	-	-	-	-	-	-	-	-	75	-	75	75
Data Management	290	-	-	290	-	-	13,563	-	13,563	-	-	-	13,853
Dues & Subscriptions	-	-	-	-	-	-	-	-	-	439	3,909	4,348	4,348
Equipment Rent	3,370	608	-	3,977	-	-	-	-	-	-	-	-	3,977
Fringe Benefits	21,204	22,361	2,997	46,562	8,902	5,326	80,561	10,539	105,328	38,736	17,420	56,155	208,045
Insurance	413	320	413	1,146	413	413	2,927	533	4,287	6,917	169	7,086	12,519
Inkind	2,165	66,763	2,165	71,093	2,165	2,165	-	2,165	6,495	5,413	10,365	15,778	93,366
Laboratory Testing	-	22,096	-	22,096	20,596	10,358	21,893	-	52,847	-	-	-	74,943
Licenses & Fees	90	89	-	179	-	-	392	-	392	275	300	575	1,146
Materials & Supplies	8,318	23,988	137	32,444	12,986	7,170	94,789	4,122	119,067	-	-	-	151,510
Merchant Fees	3	540	-	543	-	-	-	-	-	46	883	929	1,472
Meetings & Conferences	-	-	-	-	-	-	-	-	-	627	17	644	644
Miscellaneous	-	-	-	-	-	-	-	-	-	25	-	25	25
Office Supplies	34	332	-	366	-	-	126	-	126	2,822	37	2,859	3,351
Office Software & Equipment	1,319	786	-	2,104	636	550	-	3,510	4,695	5,254	1,815	7,069	13,868
Payroll Taxes	7,644	11,746	1,907	21,297	3,373	2,848	24,964	5,748	36,933	13,422	7,125	20,547	78,777
Postage & Shipping	18	2,260	-	2,278	1,489	826	4,750	-	7,064	320	656	976	10,319
Printing & Reproduction	-	30	2,043	2,073	-	-	-	-	-	-	74	74	2,147
Product Sales	-	-	-	-	-	-	-	-	-	-	425	425	425
Professional Services	1,647	3,747	462	5,856	880	781	5,932	744	8,338	5,510	3,295	8,806	23,000
Repairs & Maintenance	-	1,455	-	1,455	1,455	1,455	52,487	-	55,396	-	-	-	56,851
Rent	-	-	-	-	-	-	15,971	-	15,971	1,980	-	1,980	17,951
Sales Tax Paid	-	2	-	2	-	-	-	-	-	-	-	-	2
Special Events	5,720	13,303	29,090	48,113	421	-	135	-	556	-	1,017	1,017	49,686
Subcontract	-	-	-	-	-	-	-	-	-	18,560	105	18,665	18,665
Telephone	482	-	241	722	241	241	-	241	722	2,760	241	3,001	4,446
Travel	1,585	273	300	2,158	119	612	4,235	-	4,966	-	-	-	7,124
Utilities	1,305	-	1,039	2,344	1,039	1,039	275	1,039	3,391	3,707	267	3,973	9,708
Wages	79,436	120,279	18,743	218,459	30,999	26,760	266,929	55,613	380,300	103,192	70,933	174,125	772,883
SUBTOTAL	135,133	292,142	59,603	486,878	85,791	60,733	593,558	84,268	824,351	210,578	176,405	386,983	1,698,211
Depreciation Expense	7,676	7,676	7,676	23,028	7,676	7,676	35,818	7,676	58,846	1,704	1,704	3,408	85,282
TOTAL	\$ 142,808.51	\$ 299,818.03	\$ 67,279.07	\$ 509,905.61	\$ 93,467.26	\$ 68,409.13	\$ 629,375.85	\$ 91,944.41	\$ 883,196.65	\$ 212,282.39	\$ 178,108.61	\$ 390,391.00	\$ 1,783,493

OCEAN RESEARCH & CONSERVATION ASSOCIATION, INC.

STATEMENT OF CASH FLOW

Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 390,874
Adjustments to Reconcile Net Cash Provided by Operating Activities	
Depreciation	85,282
Changes in Operating Assets & Liabilities:	
Grants Receivable	(152,435)
Prepaid Expenses	457
Inventory	457
Accounts Payable & Accrued Expenses	91,165
Deferred Revenue	(82,500)
Payroll & Related Liabilities	23,470
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>356,770</u>

CASH FLOWS FROM INVESTING ACTIVITIES

InKind Donations -Investment	(6,969)
Acquisition of Capital Assets	<u>(160,181)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(167,150)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from SBA PPP Loan	<u>(196,270)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(196,270)</u>

NET DECREASE IN CASH (6,650)

CASH

Beginning of Year	<u>886,719</u>
End of Year	<u>\$ 880,069</u>

OCEAN RESEARCH & CONSERVATION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Ocean Research & Conservation Association, Inc. (Association) is an IRS 501(c)(3) nonprofit corporation located in Fort Pierce, Florida. The Association was established on March 23, 2004, to protect and restore marine ecosystems and the species they sustain through the development of innovative technologies and science based conservation action and public education.

Basis of Accounting

The Association uses the accrual basis of accounting, in accordance with generally accepted accounting principles, which recognizes revenue when earned and expenses as incurred.

Cash and Cash Equivalents

For the purposes of preparing cash flows, the Association considers checking accounts, petty cash, money markets and certificates of deposits with terms less than twelve months to be cash equivalents.

Inventory

Inventories are stated at the lower of cost, determined by average cost, or market.

Support and Revenue

The Association receives its revenue from grants, donations and foundations. Support received is recognized as services are rendered. Contributions are recognized when the donor makes a promise to the Association that is, in substance, unconditional. The Association 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Gifts of fixed assets are recorded as unrestricted support unless explicit donor stipulations specify how the donated asset 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 Association reports expirations of donor restrictions when donated or acquired long-lived assets are placed in service.

OCEAN RESEARCH & CONSERVATION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Association is a nonprofit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, therefore, no provision for income tax is made in these financial statements. The Association is not classified as a private foundation. The Organization's Return of Organization Exempt from Income Tax (Form 990) is subject to a possible audit by the IRS for three years after they were filed.

Property, Equipment and Depreciation

The Association records acquisitions of items with a cost of \$1,000 or more as fixed assets as of June 30, 2021. Property and equipment are recorded at cost or fair market value on date of gift in the case of donated property. Such donations are reported as unrestricted support 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 support. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is provided over the estimated useful lives ranging from 2 to 40 years on both the straight-line and accelerated basis.

Donated Materials and Services

Donated facilities, materials and equipment are reflected as contributions in the accompanying statements at their estimated values on the date of receipt. Donated volunteer and entertainment services received during the year did not meet the requirements for recording in the financial statements.

Functional Allocation of Expenses

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

OCEAN RESEARCH & CONSERVATION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Doubtful Accounts

The Association uses the allowance method for recognizing bad debt expenses by specifically identifying those accounts which are doubtful for collection. As of June 30, 2021 no allowance has been recorded.

Subsequent Event

Management has performed an analysis of the activities and transactions subsequent to June 30, 2021 to determine the need for any adjustments to and/or disclosures with the audited financial statements for the year ended June 30, 2021. Management has performed their analysis through April 15, 2022, the date the financial statements were available to be issued.

NOTE B – PROPERTY AND EQUIPMENT

At June 30, 2021, equipment consists of the following:

Furniture, Fixtures & Equipment	\$ 1,018,945
Monitoring Equipment	611,008
Leasehold Improvements	1,983
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	1,631,936
Less: Accumulated Depreciation	1,371,873
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	\$ 260,063

The Association used state grant funds from the Florida Department of Environmental Protection to purchase and assemble certain assets during the course of the year. These assets are deemed property of the state. The Association retains custody and control of the assets during the contract period or until the assets intended use has expired. The Association has the option to purchase these assets once the intended use is deemed expired. These assets are tagged and noted as property of the state and any expenditures during the year have been recorded as costs to the program.

Assets maintained on behalf of the state consisted of the following:

Equipment	\$ 1,169,770
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NOTE C – DEFERRED COMPENSATION AGREEMENT

The Association has a deferred compensation agreement with the co-founder. The formal agreement was effective from September 1, 2005 through September 1, 2015, at which time it was renegotiated with approval of the ORCA Board of Directors. The agreement stipulated that an amount be accrued on an annual basis. The amount is calculated based on the difference

OCEAN RESEARCH & CONSERVATION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2021

NOTE C – DEFERRED COMPENSATION AGREEMENT (CONTINUED)

between the base pay rate and the actual amounts paid during the fiscal year. On May 20, 2015, the ORCA Board of Directors voted to commence payment of co-founder’s full salary effective July 1, 2015. An agreement for repayment of the deferred compensation is still outstanding as of January 21, 2021. As of fiscal year ended June 30, 2021 the accrued liability for deferred compensation was \$445,963.

NOTE D – OPERATING LEASES

The Association occupies office space that is donated. Contribution revenue and corresponding rent expense has been recorded in the accompanying financial statements at the estimated value as of June 30, 2021. Rent Expense under the lease and donated space was \$80,198 for the year ended June 30, 2021.

NOTE E – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions result from contributions or grants that have been restricted by the donors. Net assets with donor restrictions generally are contributions or grants that have been restricted by the donor or grantor for a specific purpose, such as support for certain programs and capital improvements. These restrictions are considered to expire when expenditures are recognized. Net assets with donor restrictions also include otherwise unrestricted contributions that are restricted due to time and will not be paid to the Association until some future date. These restrictions are considered to expire when the time has elapsed and the Association receives the payment from the donor.

NOTE F – LIQUIDITY

The Association’s financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and Investments	\$ 892,812
Grants Receivable	<u>339,409</u>
	<u>\$ 1,232,221</u>

The Association has \$1,232,221 of financial assets available within one year of the statement of financial position date to meet cash needs or general expenditures. Grants receivable are net assets with contract restrictions and released from restrictions for program expenditures. The Association has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

OCEAN RESEARCH & CONSERVATION ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2021

NOTE G - CONCENTRATIONS OF CREDIT RISK

The Association maintains cash balances at various financial institutions located in Florida. Amounts held in individual financial institutions may exceed insured limits by the Federal Deposit Insurance Corporation. At June 30, 2021 the Association had \$397,667 in uninsured funds. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash.

NOTE H – LONG TERM DEBT

The Organization was notified on December 24, 2021 that the full amount of the SPA loan was forgiven and therefore has been recorded as an extinguished debt in fiscal year 2021 in the amount of \$196,270.

NOTE I - DEPENDENCY ON SUPPORT

The Association receives a substantial amount of support from individual, corporate donors and foundations. A reduction in the level of future support from these sources could have a substantial effect on the Association's programs and activities.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.