

**OCEAN RESEARCH & CONSERVATION ASSOCIATION, INC.**

FINANCIAL STATEMENTS

Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

**Opinion**

We have audited the accompanying financial statements of Ocean Research & Conservation Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities 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 Ocean Research & Conservation Association, Inc. as of June 30, 2022, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ocean Research & Conservation Association, 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 Ocean Research & Conservation Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's 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 auditor's 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 Ocean Research & Conservation Association, 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 Ocean Research & Conservation Association, 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.

*D. Bartolomeo, M. Bee, Hartley & Barnes*

Certified Public Accountants

Fort Pierce, FL

May 2, 2023

**OCEAN RESEARCH & CONSERVATION ASSOCIATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
Year Ended June 30, 2022

**ASSETS**

	Without Donor Restriction	With Donor Restriction	Total
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents	\$ 1,251,096	\$ 936,250	\$ 2,187,346
Investments	26,061	-	26,061
Accounts Receivable	432,820	-	432,820
Inventory	18,192	-	18,192
Prepaid Expenses	60,236	-	60,236
<b>TOTAL CURRENT ASSETS</b>	<b>1,788,405</b>	<b>936,250</b>	<b>2,724,655</b>
 <b>PROPERTY AND EQUIPMENT</b>			
Furniture, Fixtures & Equipment	1,339,208	-	1,339,208
Monitoring Equipment	611,008	-	611,008
Leasehold Improvements	1,983	-	1,983
	1,952,199	-	1,952,199
Less Accumulated Depreciation	1,531,562	-	1,531,562
<b>NET PROPERTY AND EQUIPMENT</b>	<b>420,637</b>	<b>-</b>	<b>420,637</b>
	<b>\$ 2,209,042</b>	<b>\$ 936,250</b>	<b>\$ 3,145,292</b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 88,817	\$ -	\$ 88,817
Payroll & Related Liabilities	525,314	-	525,314
Deferred Grant Revenue	-	936,250	936,250
Accrued Expenses	29,878	-	29,878
<b>TOTAL CURRENT LIABILITIES</b>	<b>644,009</b>	<b>936,250</b>	<b>1,580,259</b>
 <b>NET ASSETS</b>			
Without Donor Restrictions	1,565,033	-	1,565,033
<b>TOTAL NET ASSETS</b>	<b>1,565,033</b>	<b>-</b>	<b>1,565,033</b>
	<b>\$ 2,209,042</b>	<b>\$ 936,250</b>	<b>\$ 3,145,292</b>

**OCEAN RESEARCH & CONSERVATION ASSOCIATION, INC.**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2022

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Grants & Contracts			
State	\$ -	\$ 711,743	\$ 711,743
Contacts and Grants	-	793,426	793,426
Restricted donations	-	145,444	145,444
Contributions			
Individuals & Corporation	265,533	-	265,533
Bequest	285,000	-	285,000
Foundations	447,004	-	447,004
InKind Donations	82,108	-	82,108
Interest Income	230	-	230
Other Income	16,156	-	16,156
Special Events	79,652	-	79,652
Unrealized Gain	98	-	98
Sales of Merchandise (net of cost of sales \$457)	1,032	-	1,032
Net Assets Released from Restrictions	<u>1,650,613</u>	<u>(1,650,613)</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<u><b>2,827,426</b></u>	<u><b>-</b></u>	<u><b>2,827,426</b></u>
<b>EXPENSES</b>			
Program Services			
Kilroy	722,521	-	722,521
Ecotoxicity	62,499	-	62,499
Center for Citizen Science	581,353	-	581,353
Other Programs	114,299	-	114,299
Supporting Services			
Administrative	274,794	-	274,794
Fundraising	<u>232,417</u>	<u>-</u>	<u>232,417</u>
<b>TOTAL EXPENSES</b>	<u><b>1,987,882</b></u>	<u><b>-</b></u>	<u><b>1,987,882</b></u>
<b>CHANGE IN NET ASSETS</b>	<b>839,544</b>	<b>-</b>	<b>839,544</b>
<b>NET ASSETS</b>			
Beginning of Year	<u>725,489</u>	<u>-</u>	<u>725,489</u>
End of Year	<u><u><b>\$ 1,565,033</b></u></u>	<u><u><b>\$ -</b></u></u>	<u><u><b>\$ 1,565,033</b></u></u>

**OCEAN RESEARCH & CONSERVATION ASSOCIATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2022**

	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	\$ 50	\$ 175	\$ -	\$ 225	\$ 423	\$ -	\$ -	\$ -	\$ 423	\$ -	\$ 67,435	\$ 67,435	68,083
Bank Charges/Interest	-	-	-	-	-	-	-	15	15	284	30	314	329
Boat Fuel	-	699	-	699	-	173	4,774	83	5,030	-	-	-	5,729
Data Management	298	-	-	298	-	-	13,865	-	13,865	-	-	-	14,163
Dues & Subscriptions	-	-	-	-	-	-	-	-	-	589	4,379	4,968	4,968
Equipment Rent	1,073	110	-	1,183	-	-	-	-	-	-	-	-	1,183
Fringe Benefits	30,274	27,382	3,896	61,552	10,131	4,924	87,764	6,917	109,736	54,931	16,139	71,070	242,358
Insurance	915	1,182	519	2,616	742	717	4,076	709	6,244	3,033	659	3,692	12,552
Inkind	-	66,037	-	66,037	-	-	-	-	-	-	16,071	16,071	82,108
Laboratory Testing	-	40,719	85	40,804	-	2,000	21,488	-	23,488	-	-	-	64,292
Licenses & Fees	25	105	-	130	-	-	199	12	211	495	359	854	1,195
Materials & Supplies	12,016	30,637	1,134	43,787	4,192	708	65,611	9,613	80,124	-	-	-	123,911
Merchant Fees	-	-	-	-	-	-	-	-	-	100	1,941	2,041	2,041
Meetings & Conferences	-	-	-	-	-	-	-	-	-	2,403	6,064	8,467	8,467
Office Supplies	62	1,646	-	1,708	-	-	238	-	238	2,131	873	3,004	4,950
Office Software & Equipment	-	140	-	140	560	-	-	-	560	7,046	459	7,505	8,205
Payroll Taxes	11,334	11,625	978	23,937	3,739	2,061	21,116	3,268	30,184	12,830	5,203	18,033	72,154
Postage & Shipping	75	1,975	88	2,138	-	84	6,402	-	6,486	591	389	980	9,604
Printing & Reproduction	40	65	2,198	2,303	-	-	-	-	-	1,312	146	1,458	3,761
Product Sales	-	-	-	-	-	-	-	-	-	-	6	6	6
Professional Services	2,184	4,623	383	7,190	1,015	521	5,876	595	8,007	7,103	2,823	9,926	25,123
Repairs & Maintenance	79	-	79	158	79	79	25,102	-	25,260	1,400	-	1,400	26,818
Rent	1,544	6,995	-	8,539	-	-	17,684	-	17,684	6,692	496	7,188	33,411
Software & Equipment	-	4,494	-	4,494	2	125	22,609	9	22,745	-	-	-	27,239
Special Events	-	-	116	116	-	-	-	-	-	-	32,511	32,511	32,627
Subcontract	2,171	3,500	330	6,001	577	2,329	91,455	-	94,361	26,250	-	26,250	126,612
Telephone	144	490	-	634	133	133	790	133	1,189	3,025	741	3,766	5,589
Travel	1,804	1,686	376	3,866	45	167	5,964	-	6,176	-	-	-	10,042
Utilities	190	423	77	690	147	147	897	147	1,338	616	290	906	2,934
Wages	98,194	131,674	9,961	239,829	34,326	19,667	248,363	46,188	348,544	143,963	75,403	219,366	807,739
SUBTOTAL	162,472	336,382	20,220	519,074	56,111	33,835	644,273	67,689	801,908	274,794	232,417	507,211	1,828,193
Depreciation Expense	19,163	39,922	3,194	62,279	6,388	4,791	78,248	7,984	97,410	-	-	-	159,689
TOTAL	\$ 181,635	\$ 376,304	\$ 23,414	\$ 581,353	\$ 62,499	\$ 38,626	\$ 722,521	\$ 75,673	\$ 899,318	\$ 274,794	\$ 232,417	\$ 507,211	\$ 1,987,882

**OCEAN RESEARCH & CONSERVATION ASSOCIATION, INC.**

STATEMENT OF CASH FLOW

Year Ended June 30, 2022

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 839,544
Adjustments to Reconcile Net Cash Provided by Operating Activities	
Depreciation	159,689
Changes in Operating Assets & Liabilities:	
Grants Receivable	(93,411)
Prepaid Expenses	(50,826)
Inventory	900
Accounts Payable & Accrued Expenses	498
Deferred Revenue	836,250
Payroll & Related Liabilities	<u>(51,786)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,640,858</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

InKind Donations -Investment	(13,318)
Acquisition of Capital Assets	<u>(320,263)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(333,581)</u>

NET INCREASE IN CASH 1,307,277

**CASH**

Beginning of Year	<u>880,069</u>
End of Year	<u>\$ 2,187,346</u>



# OCEAN RESEARCH & CONSERVATION ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

### 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, 2022

### 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, 2022. 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, 2022

**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, 2022 no allowance has been recorded.

Subsequent Event

Management has performed an analysis of the activities and transactions subsequent to June 30, 2022 to determine the need for any adjustments to and/or disclosures with the audited financial statements for the year ended June 30, 2022. Management has performed their analysis through May 2, 2023, the date the financial statements were available to be issued.

On August 17, 2022, the Association purchased, with cash, a building in the amount of \$825,000 located at 1235 16<sup>th</sup> Street Vero Beach FL. These funds came from a capital campaign and are recorded in the deferred revenue balance at June 30, 2022. \$20,000 of these funds were donated by Edith Widder, the CEO of the Association, and her husband David Smith.

**NOTE B – PROPERTY AND EQUIPMENT**

At June 30, 2022, equipment consists of the following:

Furniture, Fixtures & Equipment	\$ 1,339,208
Monitoring Equipment	611,008
Leasehold Improvements	1,983
	<hr/>
	1,952,199
Less: Accumulated Depreciation	1,531,562
	<hr/>
	\$ 420,637
	<hr/>

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	\$ 1,258,806
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**OCEAN RESEARCH & CONSERVATION ASSOCIATION, INC.**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

**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 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, 2022. As of fiscal year ended June 30, 2022 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, 2022. Rent Expense under the lease and donated space was \$82,108 for the year ended June 30, 2022.

**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	\$ 2,213,410
Grants Receivable	<u>432,820</u>
	<u>\$ 2,646,230</u>

The Association has \$2,646,230 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, 2022**

**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, 2022 the Association had \$1,683,518 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 - 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.