

REEF ENVIRONMENTAL EDUCATION FOUNDATION

**FINANCIAL STATEMENTS
WITH
INDEPENDENT ACCOUNTANTS' REVIEW REPORT
December 31, 2023 and 2022**

SULLIVAN & FENGLER CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Trustees of
Reef Environmental Education Foundation
Key Largo, Florida

We have reviewed the accompanying financial statements of Reef Environmental Education Foundation, ("REEF" or the "Organization") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Organization and to meet our ethical responsibilities, in accordance with accounting principles generally accepted in the United States of America.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Sullivan & Fengler

Fort Lauderdale, FL
June 28, 2024

FINANCIAL STATEMENTS

REEF ENVIRONMENTAL EDUCATION FOUNDATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

(REVIEWED)

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Cash	\$ 1,355,624	\$ 510,762
Investments cash	265,947	500,397
Investment certificates of deposit	-	528,322
Accounts receivable (Note B)	176,188	501,015
Prepaid expenses	18,158	8,177
Inventory (Note B)	131,487	50,281
Fixed assets, net of accumulated depreciation of \$273,913 and \$250,676 for 2023 and 2022, respectively (Note G)	1,730,290	604,520
Deposits	2,750	2,750
TOTAL ASSETS	<u>\$ 3,680,444</u>	<u>\$ 2,706,224</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Accounts payable and accrued expenses	\$ 62,320	\$ 162,316
Deferred revenue - trip deposits, net (Note D)	346,236	507,964
TOTAL LIABILITIES	<u>408,556</u>	<u>670,280</u>
Net Assets:		
Without donor restrictions		
Without donor restrictions	1,285,714	1,231,078
Board designated (Note F)	784,375	261,309
Total without donor restriction	<u>2,070,089</u>	<u>1,492,387</u>
With donor restrictions (Note H)	<u>1,201,799</u>	<u>543,557</u>
TOTAL NET ASSETS	<u>3,271,888</u>	<u>2,035,944</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,680,444</u>	<u>\$ 2,706,224</u>

The accompanying notes are an integral part of these financial statements.

REEF ENVIRONMENTAL EDUCATION FOUNDATION

STATEMENT OF ACTIVITIES
Year Ended December 31, 2023
(REVIEWED)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Grants, awards, and contributions	\$ 997,013	\$ 1,233,412	\$ 2,230,425
In-kind contributions (Note E)	16,807	-	16,807
Program income	1,022,153	-	1,022,153
Return on investment	38,417	-	38,417
Other income	6,618	-	6,618
Satisfaction of restriction	575,170	(575,170)	-
Total Revenue and Support	2,656,178	658,242	3,314,420
Expenses:			
Program services	1,816,347	-	1,816,347
Supporting Expenses:			
Management and general	162,775	-	162,775
Fundraising and development	99,354	-	99,354
Total Supporting Expenses	262,129	-	262,129
Total Expenses	2,078,476	-	2,078,476
Change in Net Assets	577,702	658,242	1,235,944
Net assets beginning of year	1,492,387	543,557	2,035,944
Net assets end of year	\$ 2,070,089	\$ 1,201,799	\$ 3,271,888

The accompanying notes are an integral part of these financial statements.

REEF ENVIRONMENTAL EDUCATION FOUNDATION

STATEMENT OF ACTIVITIES
 Year Ended December 31, 2022
 (REVIEWED)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Grants, awards, and contributions	\$ 823,032	\$ 202,241	\$ 1,025,273
In-kind contributions (Note E)	12,246	-	12,246
Program income	728,481	-	728,481
COVID Funding	59,505	-	59,505
Return on investment	10,924	-	10,924
Other income	8,505	-	8,505
Satisfaction of restriction	286,543	(286,543)	-
Total Revenue and Support	1,929,236	(84,302)	1,844,934
Expenses:			
Program services	1,598,285	-	1,598,285
Supporting Expenses:			
Management and general	71,366	-	71,366
Fundraising and development	92,608	-	92,608
Total Supporting Expenses	163,974	-	163,974
Total Expenses	1,762,259	-	1,762,259
Change in Net Assets	166,977	(84,302)	82,675
Net assets beginning of year	1,325,410	627,859	1,953,269
Net assets end of year	\$ 1,492,387	\$ 543,557	\$ 2,035,944

The accompanying notes are an integral part of these financial statements.

REEF ENVIRONMENTAL EDUCATION FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

(REVIEWED)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries	\$ 555,520	\$ 45,216	\$ 45,216	\$ 645,952
Payroll taxes	45,362	3,692	3,692	52,746
	<u>600,882</u>	<u>48,908</u>	<u>48,908</u>	<u>698,698</u>
Educational programs	942,295	18,619	-	960,914
Community awareness and education	41,764	-	-	41,764
Contract labor	76,016	-	19,729	95,745
Insurance	-	52,193	-	52,193
Interns	66,882	-	-	66,882
Postage, printing, and office	21,529	3,727	22,827	48,083
Bank fees	14,290	1,594	-	15,884
Licenses, permits, and fees	-	444	-	444
Professional fees	7,890	4,063	7,890	19,843
Dues and subscriptions	8,252	2,063	-	10,315
Small equipment and rental	12,765	-	-	12,765
Utilities	16,529	5,509	-	22,038
Repairs and maintenance	7,253	2,418	-	9,671
Total expenses before depreciation	<u>1,816,347</u>	<u>139,538</u>	<u>99,354</u>	<u>2,055,239</u>
Depreciation	-	23,237	-	23,237
Total Expenses	<u>\$ 1,816,347</u>	<u>\$ 162,775</u>	<u>\$ 99,354</u>	<u>\$ 2,078,476</u>
Percentage to total expense	87%	8%	5%	100%

The accompanying notes are an integral part of these financial statements.

REEF ENVIRONMENTAL EDUCATION FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

(REVIEWED)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries	\$ 496,775	\$ 40,435	\$ 40,435	\$ 577,645
Payroll taxes	40,192	3,271	3,271	46,734
	<u>536,967</u>	<u>43,706</u>	<u>43,706</u>	<u>624,379</u>
Educational programs	717,564	-	-	717,564
Community awareness and education	25,062	-	-	25,062
Contract labor	59,495	-	25,229	84,724
Insurance	38,791	2,155	2,155	43,101
Interns	64,480	-	-	64,480
Postage, printing, and office	24,074	9,630	14,444	48,148
Bank fees	7,707	2,494	2,494	12,695
Licenses, permits, and fees	-	394	-	394
Professional fees	4,710	8,959	4,580	18,249
Dues and subscriptions	8,444	2,111	-	10,555
Small equipment and rental	11,919	-	-	11,919
Utilities	23,890	-	-	23,890
Repairs and maintenance	51,678	1,917	-	53,595
Total expenses before depreciation	<u>1,574,781</u>	<u>71,366</u>	<u>92,608</u>	<u>1,738,755</u>
Depreciation	<u>23,504</u>	<u>-</u>	<u>-</u>	<u>23,504</u>
Total Expenses	<u>\$ 1,598,285</u>	<u>\$ 71,366</u>	<u>\$ 92,608</u>	<u>\$ 1,762,259</u>
Percentage to total expense	91%	4%	5%	100%

The accompanying notes are an integral part of these financial statements.

REEF ENVIRONMENTAL EDUCATION FOUNDATION

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

(REVIEWED)

	2023	2022
Cash flows from (to) operating activities		
Change in net assets	\$ 1,235,944	\$ 82,675
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	23,237	23,504
(Increase) decrease in operating assets:		
Accounts receivable	324,827	(97,519)
Prepaid expenses	(9,981)	(1,225)
Inventory	(81,206)	3,384
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(99,996)	(15,111)
Deferred revenue	(161,728)	18,086
Net assets provided (used) by operating activities	<u>1,231,097</u>	<u>13,794</u>
Cash flows from (to) investing activities:		
Purchase of investments	-	(528,322)
Maturity of certificate of deposit	528,322	-
Purchase of fixed assets	(1,149,007)	(101,208)
Cash flows from (to) investing activities	<u>(620,685)</u>	<u>(629,530)</u>
Net change in cash and cash equivalents	610,412	(615,736)
Cash and cash equivalents, beginning of year	<u>1,011,159</u>	<u>1,626,895</u>
Cash and cash equivalents, end of year	<u>\$ 1,621,571</u>	<u>\$ 1,011,159</u>
Cash operating	\$ 1,355,624	\$ 510,762
Cash investing	265,947	500,397
	<u>\$ 1,621,571</u>	<u>\$ 1,011,159</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

REEF ENVIRONMENTAL EDUCATION FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

Reviewed

NOTE A - NATURE OF ACTIVITIES

Nature of Activities

Reef Environmental Education Foundation (“REEF” the “Organization”) was established as a nonprofit organization in 1990. REEF conserves marine environments worldwide. The mission is to protect biodiversity and ocean life by actively engaging and inspiring the public through citizen science, education, and partnerships with the scientific community. REEF connects ocean enthusiasts and the dive community with scientists and resource managers through data collection activities and education initiatives. The REEF Campus in Key Largo, Florida serves as a visitors center for education and outreach to the public. In 2023, REEF continued to protect marine environments through education, service, and research. 87% of revenue directly supports programs to conserve marine environments through the Volunteer Fish Survey Project, protect endangered species through the Grouper Moon Project, reduce the impacts of invasive species, all while educating and engaging the public to protect the oceans. REEF is primarily supported through grants, donor contributions, and program services.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use in general operating operations and are not subject to donor or grantor restrictions.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor/grantor imposed, time and/or purpose restrictions. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures incurred, respectively.

REEF ENVIRONMENTAL EDUCATION FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

Reviewed

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Grants/Contributions

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor/grantor-imposed restrictions. Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions and grants are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 statements of activities as net assets released from restrictions.

Donated Services

Donated services (in-kind donations) are recognized as contributions if the services create or enhance non-financial assets, or require specialized skills, are performed by with those skills, and would otherwise be purchased by the Organization. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. These services do not meet the criteria for recognition as contributed services.

Receivables

Accounts receivable are carried at face amounts less an allowance for doubtful accounts. On a periodic basis, they are evaluated and an allowance for doubtful accounts is established based on a combination of specific customer circumstances, credit conditions and our history of write-offs and collections.

Income Taxes

The Organization qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. The Organization also qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). Income from certain Organization activities not directly related to its tax-exempt purpose may be subject to income tax. The Organization had no such income for 2023 or 2022. The current and previous three years remain subject to examination by the IRS.

Advertising

Advertising costs (community awareness) are charged to operation when incurred. The Organization incurred \$41,764 and \$25,062 in advertising cost for the years ended December 31, 2023 and 2022, respectively.

REEF ENVIRONMENTAL EDUCATION FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

Reviewed

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. A portion of the cash balance is restricted for program specific use.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Depreciation	Time and effort
Professional fees	Time and effort
Insurance	Time and effort
Printing and office	Time and effort
Utilities	Time and effort
Postage/printing/office	Time and effort

Inventory

Inventory consists of books, publications, digital media, and other dive related items held for sale. Inventory is valued at cost using the first-in, first-out method. Management performs periodic assessments to determine the existence of expired, damaged, or obsolete inventories and records, if necessary, a provision to reduce such inventories to net realizable value.

Property and Equipment

Property and equipment are depreciated using the straight-line and double declining balance methods. Estimated useful life; buildings 39 years, improvements 7-15 years and machinery and equipment 5-7 years. All acquisitions of property and equipment and all expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets in excess of \$500 are capitalized.

REEF ENVIRONMENTAL EDUCATION FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

Reviewed

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 28, 2024, the date which the financial statements were available to be issued.

NOTE C - COMMITMENTS AND CONTINGENCIES

Construction Contract

In December 2022, the Organization entered into a contract for construction of the REEF Ocean Exploration Center for Marine Conservation in Key Largo, Florida. The building will be approximately 4,300 square feet with a projected cost of \$2,462,062, with costs not to exceed \$2,512,308. A retainer of \$50,000 was made on this contract in December 2022, (See Note G).

Concentration of Credit Risk

The Organization has deposits in financial institutions that from time to time exceed the federally insured limits. The Organization maintains its cash with high quality financial institutions which the Organization feels limits these risks.

NOTE D - GRANTS AND CONTRACTS

Trip Deposits

The Organization has entered into agreements for dive programs in 2024 and beyond, requiring deposits for charters, and has taken deposits from participants, which are reflected net in trip deposits. Certain portions of the deposits are non-refundable.

Shuttered Venue Grant: The Organization received grants from the U.S. Small Business Administration ("SBA") under the shuttered venues program. During 2021, the Organization fulfilled the term of the grant for \$292,211. A second shuttered venue grant was received in 2021, for \$191,025 the Organization fulfilled the terms of the grant in 2022.

NOTE E - CONTRIBUTED SERVICES AND MATERIALS

The Organization received \$16,807 and \$12,246 in contributed services and materials for the years ending December 31, 2023 and 2022, respectively. The support is recorded as in-kind contributions, valued at fair market value, in the statement of activities with the offsetting expense on the statement of functional expenses as program expense. In-kind revenue consists of program related materials and is included in educational programs in the associated statement of functional expenses.

REEF ENVIRONMENTAL EDUCATION FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

Reviewed

NOTE F - BOARD DESIGNATED NET ASSETS

Board restricted net assets represents the remaining funds received from the BP Oil Spill settlement, the employee retention credit received in 2022, and other funds collected through estate and planned giving for gifts \$5,000 and over. The board has restricted the use to board approved expenditures.

NOTE G - FIXED ASSETS

Property and equipment as of December 31:

	<u>2023</u>	<u>2022</u>
Construction in process	\$ 1,247,543	\$ 98,536
Land and building	611,346	611,346
Building improvements	12,447	12,447
Machinery and equipment	132,867	132,867
	<u>2,004,203</u>	<u>855,196</u>
Accumulated depreciation	<u>(273,913)</u>	<u>(250,676)</u>
	<u>\$ 1,730,290</u>	<u>\$ 604,520</u>

The aggregate depreciation charged to operations was \$23,237 and \$23,504 for the year ended December 31, 2023 and 2022, respectively.

During 2022, the Organization started a capital campaign for construction of a building and campus in Key Largo, Florida. A construction contract has been entered into (see Note C). Construction costs incurred as of December 31, 2023 and 2022 were \$1,247,543 and \$98,536, respectively.

NOTE H - NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions as of December 31, consists of the following:

<u>Program/Purpose</u>	<u>12/31/2022</u>	<u>Contributions</u>	<u>Released</u>	<u>12/31/2023</u>
REEF House/Tech Center	\$ 177,771	\$ -	\$ -	\$ 177,771
Outreach	72,155	-	72,155	-
Volunteer Fish Survey Program	49,000	120,000	94,000	75,000
Program expansion	20,000	-	-	20,000
Ocean Explorer Program	2,500	2,500	2,500	2,500
Scholarships	58,600	42,221	25,642	75,179
Invasive Species Program	10,000	11,000	20,000	1,000
Trips	7,848	-	7,848	-
Grouper Moon Project	29,460	131,000	115,471	44,989
Grouper Spotter	-	140,000	89,899	50,101
General operating	20,000	30,267	20,000	30,267
Education	14,500	605,782	4,520	615,762
Smile Project	45,723	150,642	123,135	73,230
Interns	36,000	-	-	36,000
	<u>\$ 543,557</u>	<u>\$ 1,233,412</u>	<u>\$ 575,170</u>	<u>\$ 1,201,799</u>

REEF ENVIRONMENTAL EDUCATION FOUNDATION

Notes to Financial Statements

December 31, 2023 and 2022

Reviewed

NOTE I - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization maintains a policy of operating within a prudent range of financial soundness and stability, structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due and operating within the annual approved budget. The Organization received contributions restricted by donors, and considers contribution restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. To achieve this, the Organization forecasts its future cash flows and monitors its liquidity on a monthly basis.

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,621,571	\$ 1,011,159
Certificates of deposit	-	528,322
Accounts receivable	<u>176,188</u>	<u>501,015</u>
Total financial assets available within one year	<u>1,797,759</u>	<u>2,040,496</u>
Less:		
Amounts unavailable for general expenditures within one year:		
Restricted by donors with purpose restrictions	<u>1,201,799</u>	<u>543,557</u>
Total financial assets available to management within one year	<u>\$ 595,960</u>	<u>\$ 1,496,939</u>

Note J - Employee Retention Credit

In 2022, the Organization qualified for the Employee Retention Credit, which is a refundable tax credit for certain eligible businesses and tax-exempt organizations that had employees and were affected during the COVID-19 pandemic.