



**Financial Statements and  
Independent Auditor's Report**

**December 31, 2023 and 2022**

# Tampa Bay Watch, Inc.

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## Independent Auditors' Report

To the Board of Directors  
Tampa Bay Watch, Inc.  
St. Petersburg, Florida

### ***Opinion***

We have audited the accompanying financial statements of Tampa Bay Watch, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statement 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 Tampa Bay Watch, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the years 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 Tampa Bay Watch, 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.

### ***Other Matter***

The financial statements of Tampa Bay Watch, Inc. for the year ended December 31, 2022, were audited by other auditors, who expressed an unmodified opinion on those statements on April 14, 2023.

### ***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 Tampa Bay Watch, 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, including omissions, 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 Tampa Bay Watch, 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 Tampa Bay Watch, 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.

*FRSCPA, PLLC*

St. Petersburg, Florida  
May 21, 2024

**TAMPA BAY WATCH, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 and 2022**

	December 31,	
	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,018,481	\$ 2,288,904
Investments (Notes 4 and 5)	1,304,804	977,844
Unconditional promises to give, net (Note 6)	142,131	172,669
Inventory	77,161	76,919
Prepaid expenses	115,699	109,834
Right-of-use asset, finance lease (Note 9)	9,361	6,663
Construction in progress	22,783	15,553
Property and equipment, net of accumulated depreciation (Note 7)	3,048,377	3,111,884
Gifted property (Note 8)	359,581	375,103
	<b>\$ 7,098,378</b>	<b>\$ 7,135,373</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 54,509	\$ 66,146
Accrued payroll	166,020	140,631
Lease liability, finance lease (Note 9)	9,612	6,749
Deposits	113,278	85,762
	<b>343,419</b>	299,288
<b>Net assets</b>		
Without donor restrictions	4,734,531	4,909,915
Without donor restrictions, board-designated endowment (Note 15)	150,118	-
	<b>4,884,649</b>	4,909,915
With donor restrictions (Note 12)	1,870,310	1,926,170
	<b>6,754,959</b>	6,836,085
<b>Total net assets</b>		
Commitments and contingencies (Note 17)		
	<b>\$ 7,098,378</b>	<b>\$ 7,135,373</b>

See independent auditor's report and accompanying notes to the financial statements.

**TAMPA BAY WATCH, INC.**  
**STATEMENT OF ACTIVITIES**  
**DECEMBER 31, 2023**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			December 31,	
			2023	2022
<b>PUBLIC SUPPORT AND OTHER REVENUES</b>				
Public support				
Grants and contributions	\$ 1,138,168	\$ 1,077,156	\$ 2,215,324	1,789,648
Special events, net of direct costs of \$116,976 and \$72,116 in 2023 and 2022, respectively	258,087	-	258,087	232,053
Membership dues	115,451	-	115,451	165,261
In-kind contributions (Note 14)	162,618	-	162,618	135,744
<b>Total public support</b>	<b>1,674,324</b>	<b>1,077,156</b>	<b>2,751,480</b>	<b>2,322,706</b>
Other revenues				
Camps and educational programs	384,450	-	384,450	267,845
Community center use	261,900	-	261,900	263,300
Discovery Center admissions	169,602	-	169,602	152,378
Product sales	145,540	-	145,540	136,527
Other, net	3,136	-	3,136	3,278
<b>Total other revenues</b>	<b>964,628</b>	<b>-</b>	<b>964,628</b>	<b>823,328</b>
Net assets released from restrictions	1,133,016	(1,133,016)	-	-
<b>Total public support and other revenues</b>	<b>3,771,968</b>	<b>(55,860)</b>	<b>3,716,108</b>	<b>3,146,034</b>
<b>EXPENSES</b>				
Program services				
Marine restoration and education	2,984,543	-	2,984,543	2,615,151
Support services				
Management and general	526,119	-	526,119	378,184
Fundraising	467,317	-	467,317	400,787
Total supporting services	993,436	-	993,436	778,971
<b>Total expenses</b>	<b>3,977,979</b>	<b>-</b>	<b>3,977,979</b>	<b>3,394,122</b>
<b>Change in net assets before other changes</b>	<b>(206,011)</b>	<b>(55,860)</b>	<b>(261,871)</b>	<b>(248,088)</b>
<b>OTHER CHANGES</b>				
Return on investments, net of expenses (Note 4)	120,235	-	120,235	(158,038)
Gain (Loss) on sale of assets	(2,617)	-	(2,617)	(1,500)
Interest income	63,752	-	63,752	1,245
Interest expense	(625)	-	(625)	(194)
Total other changes	180,745	-	180,745	(158,487)
<b>Change in net assets</b>	<b>(25,266)</b>	<b>(55,860)</b>	<b>(81,126)</b>	<b>(406,575)</b>
Net assets, beginning of year	4,909,915	1,926,170	6,836,085	7,242,660
<b>Net assets, end of year</b>	<b>\$ 4,884,649</b>	<b>\$ 1,870,310</b>	<b>\$ 6,754,959</b>	<b>\$ 6,836,085</b>

See independent auditor's report and accompanying notes to the financial statements.

**TAMPA BAY WATCH, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND OTHER REVENUES</b>			
Public support			
Grants and contributions	\$ 773,117	\$ 1,016,531	\$ 1,789,648
Membership dues	232,053	-	232,053
Special events, net of direct costs of \$57,774	165,261	-	165,261
In-kind contributions (Note 14)	135,744	-	135,744
Total public support	1,306,175	1,016,531	2,322,706
Other revenues			
Discovery Center admissions	267,845	-	267,845
Community center use	263,300	-	263,300
Product sales	152,378	-	152,378
Camps and educational programs	136,527	-	136,527
Other, net	3,278	-	3,278
Total other revenues	823,328	-	823,328
Net assets released from restrictions	785,531	(785,531)	-
Total public support and other revenues	2,915,034	231,000	3,146,034
<b>EXPENSES</b>			
Program services			
Marine restoration and education	2,615,151	-	2,615,151
Support services			
Management and general	378,184	-	378,184
Fundraising	400,787	-	400,787
Total supporting services	778,971	-	778,971
Total expenses	3,394,122	-	3,394,122
<b>Change in net assets before other changes</b>	(479,088)	231,000	(248,088)
<b>OTHER CHANGES</b>			
Return on investments, net of expenses (Note 4)	(158,038)	-	(158,038)
Gain on sale of assets	(1,500)	-	(1,500)
Interest income	1,245	-	1,245
Interest expense	(194)	-	(194)
Total other changes	(158,487)	-	(158,487)
<b>Change in net assets</b>	(637,575)	231,000	(406,575)
Net assets, beginning of year	5,547,490	1,695,170	7,242,660
<b>Net assets, end of year</b>	<b>\$ 4,909,915</b>	<b>\$ 1,926,170</b>	<b>\$ 6,836,085</b>

**TAMPA BAY WATCH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)**

	Program Services	Supporting Services			Total Expenses	
	Marine Restoration and Education	Management and General	Fundraising	Total Supporting Services	December 31,	
					2023	2022
Personnel expenses	\$ 1,746,607	\$ 259,631	\$ 354,042	\$ 613,673	\$ 2,360,280	1,955,200
Other expenses						
Office	233,427	10,491	18,359	28,850	262,277	236,089
Insurance	168,130	7,556	13,224	20,780	188,910	203,560
Professional	-	146,643	-	146,643	146,643	149,588
Marine restoration and education	202,946	-	-	-	202,946	107,923
Special event expenses	-	-	116,976	116,976	116,976	72,116
Cost of product sales	59,816	-	-	-	59,816	63,845
Vehicle and boat	20,041	-	-	-	20,041	45,556
Utilities	60,306	2,710	4,743	7,453	67,759	41,731
Travel	32,568	4,841	6,602	11,443	44,011	33,775
Postage and printing	26,984	1,213	2,122	3,335	30,319	32,907
Income tax	-	-	2,500	2,500	2,500	17,206
Advertising	24,892	-	15,905	15,905	40,797	1,355
Other	9,287	78,080	27,167	105,247	114,534	77,881
Total expenses before other non-cash	2,585,003	511,166	561,640	1,072,806	3,657,809	3,038,732
Depreciation	288,017	12,945	22,653	35,598	323,615	298,159
In-kind rent - Discovery Center	96,000	-	-	-	96,000	96,000
Bad debt	-	-	-	-	-	16,800
Amortization on in-kind rent	15,522	-	-	-	15,522	15,522
Amortization on finance lease	-	2,009	-	2,009	2,009	1,025
Total expenses by function	2,984,543	526,119	584,293	1,110,412	4,094,955	3,466,238
Less expenses included with revenue on the Statement of Activities						
Special event expenses	-	-	(116,976)	(116,976)	(116,976)	(72,116)
Total expenses	\$ 2,984,543	\$ 526,119	\$ 467,317	\$ 993,436	\$ 3,977,979	\$ 3,394,122



**TAMPA BAY WATCH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services	Supporting Services			Total
	Marine Restoration and Education	Management and General	Fundraising	Total Supporting Services	
Personnel expenses	\$ 1,446,848	\$ 215,072	\$ 293,280	\$ 508,352	\$ 1,955,200
Other expenses					
Office	210,119	9,444	16,526	25,970	236,089
Insurance	181,168	8,143	14,249	22,392	203,560
Professional	85,070	37,420	27,098	64,518	149,588
Marine restoration and education	107,923	-	-	-	107,923
Special event expenses	-	-	72,116	72,116	72,116
Cost of product sales	63,845	-	-	-	63,845
Vehicle and boat	45,556	-	-	-	45,556
Utilities	37,141	1,669	2,921	4,590	41,731
Travel	24,994	3,715	5,066	8,781	33,775
Postage and printing	29,287	1,317	2,303	3,620	32,907
Income tax	-	17,206	-	17,206	17,206
Advertising	-	1,355	-	1,355	1,355
Other	6,315	53,093	18,473	71,566	77,881
Total expenses before other non-cash items	2,238,266	348,434	452,032	800,466	3,038,732
Depreciation	265,363	11,925	20,871	32,796	298,159
In-kind rent - Discovery Center	96,000	-	-	-	96,000
Bad debt	-	16,800	-	16,800	16,800
Amortization on in-kind rent	15,522	-	-	-	15,522
Amortization on finance lease	-	1,025	-	1,025	1,025
Total expenses by function	2,615,151	378,184	472,903	851,087	3,466,238
Less expenses included with revenue on the Statement of Activities					
Special event expenses	-	-	(72,116)	(72,116)	(72,116)
Total expenses	\$ 2,615,151	\$ 378,184	\$ 400,787	\$ 778,971	\$ 3,394,122

**TAMPA BAY WATCH, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	December 31,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (81,126)	\$ (406,575)
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation	323,615	298,159
Forgiveness of debt (Note 11)	-	-
In-kind rent amortization	15,522	15,522
Right-of-use asset amortization	1,104	1,025
In-kind contributions of property and equipment	-	-
(Gain) Loss on investments	(120,235)	158,038
(Gain) Loss on sale of equipment	2,617	1,500
Accrued interest note receivable (Note 7)	-	-
Increase (Decrease) in assets:		
Unconditional promises to give	30,538	124,198
Grants and other receivables	-	-
Inventory	(242)	(21,326)
Prepaid expenses	(5,865)	(23,385)
Increase (Decrease) in liabilities:		
Accounts payable	(11,637)	23,968
Accrued payroll	25,389	30,757
Deposits	27,516	(181)
Net cash provided by operating activities	207,196	201,700
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments, net of sales	(206,725)	(243,793)
Purchase of property and equipment, net of changes in construction in progress	(269,955)	(167,438)
Proceeds from the sale of property and equipment	-	500
Net cash used in investing activities	(476,680)	(410,731)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Collection of principal on note receivable (Note 7)	-	33,755
Proceeds from issuance of long-term debt (Note 11)	-	-
Principal payments on finance lease liability	(939)	(939)
Cash provided by financing activities	(939)	32,816
Net change in cash and cash equivalents	(270,423)	(176,215)
Cash and cash equivalents, beginning of year	2,288,904	2,465,119
Cash and cash equivalents, end of year	\$ 2,018,481	\$ 2,288,904
<b>SUPPLEMENTAL DISCLOSURES ON NONCASH INVESTING ACTIVITIES:</b>		
In-kind contributions (at fair value)	\$ 162,618	\$ 135,744
<b>SUPPLEMENTAL DISCLOSURES ON NONCASH FINANCING ACTIVITIES:</b>		
Executed finance lease	\$ 4,707	\$ 7,688

**TAMPA BAY WATCH, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 NATURE OF ORGANIZATION**

Tampa Bay Watch, Inc. (“Tampa Bay Watch” or the “Organization”) was organized in 1993 as a tax-exempt, nonprofit organization dedicated exclusively for the purpose of protection and restoration of the marine and wetland environments of the Tampa Bay estuary through scientific and educational programs. Funding is provided through federal, state, and local government grants, as well as by local fundraising activities and membership dues.

In June 2020, the Organization opened an education center on the St. Pete Pier (the “Discovery Center”). The Discovery Center presents information about Tampa Bay’s unique ecosystem. The indoor exhibit gallery features an estuary habitat that showcases a variety of species found in local waters. Visitors can also experience interactive displays, video presentations, a touch tank and docent-led tours. Adjacent to the exhibit gallery is a state-of-the-art classroom that accommodates school field trips and programs for students of all ages. The Discovery Center is not strictly an indoor experience. It also includes a “wet classroom” which offers larger outdoor demonstrations and lectures. It is bordered by walkways and railings, and includes an amphitheater-style observation deck.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Organization’s financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and, accordingly, reflect all significant receivables, payables and other liabilities.

**Basis of Presentation**

The Organization has adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 958, *Not-for-Profit Entities* (“ASC 958”). Under ASC 958, the Organization is required to provide financial statements which are prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. As such, the Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and, if applicable, with donor restrictions.

**Support and Revenue Recognition**

The Organization first determines if a transaction represents an exchange transaction and if so, accounts for the transaction in accordance with FASB ASC 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price

**TAMPA BAY WATCH, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Gifts and contributions are recorded at their fair market value on the date of receipt.

The Organization reports contributions with donor restrictions as increases in net assets with donor restrictions. When a restriction expires, 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.

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs, or other barriers.

Support arising from donated, or in-kind, goods, property, and services is recognized in the financial statements at its fair value. GAAP requires recognition of in-kind services, if such services (1) create or enhance nonfinancial assets or (2) require specialized skills and are provided by individuals possessing those skills, who would typically charge a fee. For the years ended December 31, 2023 and 2022, volunteers provided services to assist the Organization's and fundraising functions for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under GAAP.

Camps and educational programs, community center use, and Discovery Center admission ticket sales are recognized at a point in time when the event occurs. The Organization has determined that a point in time recognition is appropriate since there are no other performance obligations related to these revenues.

The Organization sold merchandise. These sales are recorded as revenue at the time the merchandise transferred to the customer, a single performance obligation.

#### **Cash and Cash Equivalents**

The Organization considers all highly liquid instruments with maturities of three months or less when purchased to be cash equivalents.

#### **Investments**

The Organization invests in mutual funds and exchange-traded products. The investments in securities are stated at fair value. Realized and unrealized gains and losses and interest income are reflected in the Statements of Activities, net of the administrative costs directly associated with managing the investments. Fair value is determined by market quotations.

Donated investments are recorded at fair value at the time of receipt.

#### **Inventory**

Inventory is stated at lower of cost or net realizable value, based on a count performed at the year end. The on-hand inventory is counted and valued using the merchandise

**TAMPA BAY WATCH, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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menu in the system.

**Property and Equipment**

Property and equipment are recorded at cost or, if donated, the estimated fair value at the date of donation. The Organization has a policy of capitalizing expenditures for property and equipment with costs above a predetermined threshold. Depreciation is provided using the straight-line method over the estimated useful lives of assets which range from 5 to 39 years.

Leasehold improvements are included with property and equipment. The amortization of the leasehold improvements, likewise, is included with depreciation expense.

**Impairment of Long-Lived Assets**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amounts of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment loss to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value.

**Fair Value Measurements**

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, the Organization measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability, and are developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Organization may use valuation techniques consistent with the market income and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

- |         |   |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. |
| Level 2 | Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or                        |

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similar assets or liabilities in inactive markets. Inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data are also included. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3            Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Leases**

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines these assets are leases because the Organization has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Organization determines it does not have the right to control and direct the use of the identified asset. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Organization separately identifies lease and nonlease components, such as maintenance costs, in calculating the right-of-use (the "ROU") assets and lease liabilities for its office copy machines. The Organization has elected the practical expedient to not separate lease and nonlease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the nonlease component.

Leases result in the recognition of ROU assets and lease liabilities on the Statements of Financial Position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses its incremental borrowing rate based on the

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information available at the commencement date to determine the present value of lease payments. Incremental borrowing rates used to determine the present value of lease payments were derived by reference to the secured-debt yields the Organization would receive to finance each lease transaction or needed to borrow the amount of the undiscounted future payments over the term of the lease.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the Statements of Financial Position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Functional Allocation of Expenses**

The costs of providing the Organization's programs and supporting services have been summarized on a functional basis in the Statements of Functional Expenses. Natural expenses directly attributable to a specific functional area of the Organization are reported as direct expenses to its respective functional area. Certain categories of expenses, however, 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 office, insurance, utilities, postage and printing, and depreciation, are allocated on a square footage basis; personnel expenses and travel are allocated based on time and effort spent by employees.

**Advertising Costs**

Advertising costs are expensed as incurred and totaled approximately \$41,000 and \$1,000 for the years ended December 31, 2023 and 2022, respectively.

**Income Tax**

The Organization is exempt from federal and state income taxes under Section 501(c)(3) and, accordingly, no provision for income taxes has been made in the financial statements. Management has evaluated the Organization's tax position and concluded that no uncertain tax positions have been taken that would require adjustment to the financial statements to comply with the provisions of the Income Tax Topic of the FASB ASC. With few exceptions, the Organization is subject to income tax examinations for up to three years after tax returns are filed.

**Going Concern Evaluation**

On an annual basis, as required by FASB ASC 205, the Organization performs an evaluation to determine whether there are conditions or events (known or reasonably knowable), considered in the aggregate, that raise substantial doubt about its ability to

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continue as a going concern within one year after the date that the financial statements are available to be issued.

**Subsequent Events**

In accordance with FASB ASC 855, the Organization evaluated subsequent events through May 21, 2024, the date the financial statements were available for issue.

**NOTE 3 AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets as at December 31:

<i>December 31,</i>	<b>2023</b>	2022
Financial assets at year-end		
Cash and cash equivalents	<b>\$2,115,832</b>	\$2,288,904
Endowment fund	<b>150,188</b>	–
Unconditional promises to give, net	<b>142,131</b>	172,669
Investments	<b>1,154,616</b>	977,844
	<b>3,465,416</b>	3,439,417
Less amounts not available for use within one year		
Net assets with donor restrictions	<b>353,229</b>	371,503
Long-term portion of note receivable	<b>11,500</b>	15,300
	<b>364,729</b>	386,803
Financial assets available to meet expenditures over the next 12 months	<b>\$3,100,687</b>	\$3,052,614

As part of the Organization's liquidity management plan, it invests cash in excess of daily requirements in money market funds. The Organization's cash position is monitored by executive management to ensure sufficient funds are available to meet daily requirements. Daily requirements are based on the budget, contracts, payroll, and invoice schedules.

**NOTE 4 INVESTMENTS**

Major categories of investments as of December 31 are summarized below:

	<i>December 31,</i>	
	<b>2023</b>	2022
Mutual funds and exchange-traded products		
Equity funds	<b>\$ 666,940</b>	\$ 604,003
Fixed income funds	<b>390,325</b>	275,964
Treasury Bill	<b>97,351</b>	97,877
	<b>\$1,154,616</b>	\$ 977,844



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Investment returns are as follows for the years ended December 31:

	<i>December 31,</i>	
	<b>2023</b>	<b>2022</b>
Net realized/unrealized gain (loss)	<b>\$ 56,483</b>	\$ (191,283)
Interest and dividend income	72,140	41,198
Investment expenses	<b>(8,388)</b>	(7,953)
	<b>\$ 120,235</b>	\$ (158,038)

**NOTE 5 FAIR VALUE MEASUREMENTS**

The Organization's investments measured at fair value on a recurring basis as follows as of December 31, 2023 and 2022:

	<i>Quoted Prices of Identical Products in Active Markets (Level 1)</i>
<b><u>December 31, 2023</u></b>	
Mutual funds and exchange-traded products	\$ 1,154,616
<b><u>December 31, 2022</u></b>	
Mutual funds and exchange-traded products	\$ 977,844

There were no significant transfers between levels.

**NOTE 6 UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows discounted at rates ranging from 0.8% to 3.4%, depending on the date of the promise.

Promises to give are scheduled to be received in the following periods at December 31:

	<i>December 31,</i>	
	<b>2023</b>	<b>2022</b>
Less than one year	<b>\$ 132,961</b>	\$ 160,747
One to five years	11,500	15,300
Less unamortized discount	<b>(2,330)</b>	(3,378)
	<b>\$ 142,131</b>	\$ 172,669

As of December 31, 2023, and 2022, management considered all receivables to be collectible. As such, no provision for uncollectible accounts was recorded.

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**NOTE 7 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	Estimated Useful Lives	December 31,	
		2023	2022
Buildings and leasehold improvements	10-39 years	\$ 4,250,824	\$ 4,209,087
Boats and equipment	5-7 years	641,637	647,387
Office furniture and equipment	5 years	559,416	433,979
Vehicles	5 years	226,899	128,215
		<b>\$ 5,678,776</b>	\$ 5,418,668
Less: accumulated depreciation		<b>(2,630,399)</b>	(2,306,784)
Total property and equipment, net		<b>\$ 3,048,377</b>	\$ 3,111,884

Depreciation expense for the years ended December 31, 2023 and 2022 was approximately \$324,000 and \$298,000 respectively.

**NOTE 8 GIFTED PROPERTY**

The land on which the Organization's facilities are situated was contributed by the State of Florida under a zero value, 46-year lease agreement expiring in 2047, for the construction of an administration building. In-kind rent expense for each of the years ended December 31, 2023 and 2022 was approximately \$16,000. In the event that the Organization ceases to use the property for its original intent as stated in the lease, the land and building would revert back to the donor. Gifted leasehold interest represents the present value of the aggregate fair rental value of the land lease, which approximates the fair value of the land at lease inception.

The fair value of the land lease and recognition of rent expense is summarized below:

Balance at December 31, 2021	\$ 390,625
Recognition of rent expense	(15,522)
Balance at December 31, 2022	375,103
Recognition of rent expense	(15,522)
Balance at December 31, 2023	\$ 359,581

**NOTE 9 FINANCE LEASE**

As of January 1, 2022, the Organization adopted ASU 2016-02 Leases (ASC Topic 842). Through the recognition of a lease asset and liability on its balance sheet as well as the disclosure of key information as it relates to this lease, the Company has

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provided increased transparency as it relates to its financial activities.

During 2023 and 2022, the Organization entered into two finance leases for copiers that expire in June 2028 and April 2027.

<i>Year ended December 31,</i>	2023	2022
Finance lease cost		
Amortization of right of use	\$ 2,009	\$ 1,025
Interest on lease liabilities	625	194
Total lease cost for the year	\$ 2,634	\$ 1,219

Future minimum lease payments are as follows:

<i>Year ending December 31,</i>	
2024	\$ 2,342
2025	2,474
2026	2,616
2027	1,618
2028	563
	\$ 9,613

**NOTE 10 DISCOVERY CENTER ON ST. PETE PIER**

In May 2018, the Organization entered into a lease agreement with the City of St. Petersburg to operate the Discovery Center. The lease was amended in 2019 to extend the lease term to 10 years. The lease agreement requires the Organization to construct and operate the Discovery Center. The lease requires an aggregate rent of \$10 for the lease term, and additional rent in the form of annual CAM charges in the amount of approximately \$10,000, subject to an annual increase of up to 3.00%, to be paid in even monthly amounts during the lease term. The term of the lease commenced in 2020, upon completion of construction.

Management has determined that the leased facility is a conditional contribution. The in-kind fair market value of this leased facility is estimated to be approximately \$96,000 for each of the years ended December 31, 2023 and 2022.

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**NOTE 11 NET ASSETS**

Net assets with donor restrictions were as follows as of December 31:

	December 31,	
	2023	2022
Subject to purpose and passage of time:		
Marine restoration	\$ 606,393	\$ 675,461
Education	399,492	576,253
Property used in operations	359,581	375,103
Discovery Center	194,803	223,267
Other	310,041	76,086
	<b>\$ 1,870,310</b>	<b>\$ 1,926,170</b>

**NOTE 12 FUNDING AND CREDIT CONCENTRATION**

Cash and Investments

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of bank deposits. The Organization maintains cash and investment balances at several financial institutions. Cash and investment accounts are federally insured up to certain limits. The Organization has not experienced any losses on such accounts, and by managing the cash and investment deposit concentration risk by placing cash with creditworthy institutions, management believes it is not exposed to any significant risk.

Funding

The Organization receives significant funding from federal, state, and local sources. The continuation of the Organization's program services is significantly dependent upon the support of these entities.

**NOTE 13 RELATED PARTY TRANSACTIONS**

Contributions recorded for the years ended December 31, 2023 and 2022 include donations from several board members.

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**NOTE 14 CONTRIBUTED NONFINANCIAL ASSETS (IN-KIND CONTRIBUTIONS)**

Contributed nonfinancial assets (in-kind contributions) included in the Statements of Activities are as follows for each of the years ended December 31:

December 31, 2023				
	Program	Management and General	Fundraising	Total
Discovery Center lease	\$ 96,000	–	\$ –	\$ 96,000
Donated boats and other vehicles	3,344	–	–	3,344
Special events venues and catering	–	–	63,274	63,274
	<u>\$ 99,344</u>	<u>–</u>	<u>\$ 63,274</u>	<u>\$ 162,618</u>
December 31, 2022				
	Program	Management and General	Fundraising	Total
Discovery Center lease	\$ 96,000	–	\$ –	\$ 96,000
Donated van	25,544	–	–	25,544
Special events venues and catering	–	–	14,200	14,200
	<u>\$ 121,544</u>	<u>–</u>	<u>\$ 14,200</u>	<u>\$ 135,744</u>

All donated services and assets were utilized by the Organization’s programs and supporting services. The Discovery Center lease donation is valued at the estimated fair value rental fee that would be charged, based on comparable commercial rental facilities, in the surrounding area. The donated vehicles are valued at the estimated wholesale prices that would be charged for selling similar vehicles in the United States, and the special events venues and catering donations are valued at the retail prices that the venues typically charge to customers. Other than the Discovery Center being used for its intended purpose as stated in the grant documents, there were no donor-imposed restrictions associated with the donated assets.

**NOTE 15 BOARD-DESIGNATED ENDOWMENT**

During 2023, the Board of Directors of Tampa Bay Watch, Inc. approved the establishment of a board-designated endowment fund with an ultimate goal to maintain, invest and re-invest the funds in a manner that will ensure the Organization’s financial solvency and survival. It is not the intent of the Board of Directors to use the principal of the endowment for general operational purposes. However, the funds may be used as a “safety net” function for operating shortfalls and other potential threats to the company’s existence.

The Organization funded \$150,000 in 2023 to form the board-designated endowment, which is classified as net assets without donor restrictions because the Organization,

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by majority vote of the Board of Directors, may use the endowment for any purpose. The Board of Directors also approved an investment policy to govern the investment of the board-designated endowment funds, which outlines investment objectives and targeted asset-allocations.

Changes in the board-designated endowment as of June 30, 2023 are as follows:

<i>Year ended December 31,</i>	<b>2023</b>
Board-designated endowment, beginning of year	\$ –
Transfers to the board-designated endowment	150,000
Net investment gain in current year	118
Board-designated endowment, end of year	\$150,118

**NOTE 16 EMPLOYEE RETENTION TAX CREDIT (ERTC)**

During 2023, the Organization received \$400,215 of ERTC funds, reported as Grants and Contribution revenue on the Statement of Activities. Related to the ERTC funds, the Organization paid fees of \$62,532 of professional fees, reported on the Statement of Functional Expenses as Professional Fees.

**NOTE 17 COMMITMENTS**

The Organization entered into several contractual agreements, generally cancelable with 7 to 30 days written notice, with outside vendors and service providers.