



**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**DECEMBER 31, 2020 AND 2019**

TAMPA BAY WATCH, INC.

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Tampa Bay Watch, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 Tampa Bay Watch, Inc. as of December 31, 2020 and 2019, 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.

*affinity CPA P.A.*

Tampa, Florida  
August 13, 2021

**TAMPA BAY WATCH, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,027,718	\$ 1,789,981
Investments (Notes 4 and 5)	651,255	613,565
Unconditional promises to give, net (Note 6)	725,027	625,502
Inventory	37,363	-
Prepaid expenses	57,872	47,560
Note receivable, net (Note 7)	30,242	30,850
Property and equipment, net of accumulated depreciation (Note 8)	3,199,411	2,902,887
Gifted property (Note 9)	<u>406,147</u>	<u>421,669</u>
Total assets	<u>\$ 7,135,035</u>	<u>\$ 6,432,014</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 32,259	\$ 327,692
Accrued payroll	109,542	117,596
Deposits	<u>55,511</u>	<u>51,850</u>
Total liabilities	<u>197,312</u>	<u>497,138</u>
Net assets		
Without donor restrictions	5,168,149	3,259,777
With donor restrictions (Note 12)	<u>1,769,574</u>	<u>2,675,099</u>
Total net assets	6,937,723	5,934,876
Commitments and contingencies (Note 15 and 16)	<u>                    </u>	<u>                    </u>
Total liabilities and net assets	<u>\$ 7,135,035</u>	<u>\$ 6,432,014</u>

*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, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

	<u>Without Donor</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2020</u>	<u>2019</u>
<b>PUBLIC SUPPORT, OTHER REVENUES AND GAINS</b>				
Public support				
Grants and contributions	\$ 1,084,922	\$ 1,248,097	\$ 2,333,019	\$ 1,816,959
Membership dues	179,097	-	179,097	231,733
Special events, net of direct costs of \$19,722	62,700	-	62,700	180,728
In-kind contributions	49,975	-	49,975	1,800
	<u>1,376,694</u>	<u>1,248,097</u>	<u>2,624,791</u>	<u>2,231,220</u>
Other revenues and gains				
Discovery center admissions	140,039	-	140,039	-
Community center use	102,700	-	102,700	202,400
Investment return, net	79,264	-	79,264	118,996
Product sales	57,045	-	57,045	7,298
Gain on sale of assets	19,269	-	19,269	10,050
Other, net	53,911	-	53,911	89,863
	<u>452,228</u>	<u>-</u>	<u>452,228</u>	<u>428,607</u>
Net assets released from restrictions	<u>2,153,622</u>	<u>(2,153,622)</u>	<u>-</u>	<u>-</u>
Total public support, other revenues and gains	<u>3,982,544</u>	<u>(905,525)</u>	<u>3,077,019</u>	<u>2,659,827</u>
 <b>EXPENSES</b>				
Program services				
Marine restoration and education	1,663,093	-	1,663,093	1,323,659
Support services				
Management and general	210,431	-	210,431	195,423
Fundraising	200,648	-	200,648	182,422
	<u>2,074,172</u>	<u>-</u>	<u>2,074,172</u>	<u>1,701,504</u>
<b>Change in net assets</b>	<u>1,908,372</u>	<u>(905,525)</u>	<u>1,002,847</u>	<u>958,323</u>
Net assets, beginning of year	<u>3,259,777</u>	<u>2,675,099</u>	<u>5,934,876</u>	<u>4,976,553</u>
<b>Net assets, end of year</b>	<u>\$ 5,168,149</u>	<u>\$ 1,769,574</u>	<u>\$ 6,937,723</u>	<u>\$ 5,934,876</u>

*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, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND OTHER REVENUES &amp; GAINS</b>			
Public support			
Grants and contributions	\$ 490,752	\$ 1,326,207	\$ 1,816,959
Membership dues	231,733	-	231,733
Special events, net of direct costs of \$79,948	180,728	-	180,728
In-kind contributions	1,800	-	1,800
	<u>905,013</u>	<u>1,326,207</u>	<u>2,231,220</u>
Other revenues and gains			
Community center use	202,400	-	202,400
Investment return, net	118,996	-	118,996
Product sales	7,298	-	7,298
Gain on sale of assets	10,050	-	10,050
Other	89,863	-	89,863
	<u>428,607</u>	<u>-</u>	<u>428,607</u>
Net assets released from restrictions	<u>778,370</u>	<u>(778,370)</u>	<u>-</u>
Total public support and other revenues & gains	<u>2,111,990</u>	<u>547,837</u>	<u>2,659,827</u>
<b>EXPENSES</b>			
Program services			
Marine restoration and education	1,323,659	-	1,323,659
Support services			
Management and general	195,423	-	195,423
Fundraising	182,422	-	182,422
	<u>1,701,504</u>	<u>-</u>	<u>1,701,504</u>
<b>Change in net assets</b>	<u>410,486</u>	<u>547,837</u>	<u>958,323</u>
Net assets, beginning of year	<u>2,849,291</u>	<u>2,127,262</u>	<u>4,976,553</u>
<b>Net assets, end of year</b>	<u>\$ 3,259,777</u>	<u>\$ 2,675,099</u>	<u>\$ 5,934,876</u>

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

**TAMPA BAY WATCH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	Program Services	Supporting Services			Total Expenses	
	Marine Restoration and Education	Management and General	Fundraising	Total Supporting Services	2020	2019
Personnel expenses	\$ 973,559	\$ 124,815	\$ 149,778	\$ 274,593	\$ 1,248,152	\$ 1,050,550
Other expenses						
Insurance	133,646	7,425	7,425	14,850	148,496	137,096
Office	105,334	15,415	7,707	23,122	128,456	84,729
Marine restoration and education	85,632	-	-	-	85,632	85,213
In-kind rent - Discovery Center	43,200	2,400	2,400	4,800	48,000	-
Utilities	37,608	5,504	2,752	8,256	45,864	24,294
Advertising	37,589	2,088	2,088	4,176	41,765	40,100
Cost of product sales	33,878	-	-	-	33,878	-
Postage, printing, and photo supplies	18,315	-	7,849	7,849	26,164	33,096
Professional	9,468	9,468	-	9,468	18,936	15,500
Travel	15,394	1,159	-	1,159	16,553	15,985
Vehicle and boat	14,291	1,588	-	1,588	15,879	23,183
Fundraising	-	-	6,467	6,467	6,467	16,788
Other	3,051	18,306	3,051	21,357	24,408	39,638
Total expenses before other non-cash items	1,510,965	188,168	189,517	377,685	1,888,650	1,566,172
Depreciation	139,400	20,400	10,200	30,600	170,000	119,810
Amortization on in-kind rent	12,728	1,863	931	2,794	15,522	15,522
Total expenses	<u>\$ 1,663,093</u>	<u>\$ 210,431</u>	<u>\$ 200,648</u>	<u>\$ 411,079</u>	<u>\$ 2,074,172</u>	<u>\$ 1,701,504</u>

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



**TAMPA BAY WATCH, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services	Supporting Services			Total
	Marine Restoration and Education	Management and General	Fundraising	Total Supporting Services	
Personnel expenses	\$ 819,429	\$ 105,055	\$ 126,066	\$ 231,121	\$ 1,050,550
Other expenses					
Insurance	123,386	6,855	6,855	13,710	137,096
Marine restoration and education	85,213	-	-	-	85,213
Office	62,000	17,645	5,084	22,729	84,729
Advertising	36,090	2,005	2,005	4,010	40,100
Postage, printing, and photo supplies	23,167	-	9,929	9,929	33,096
Utilities	19,921	2,915	1,458	4,373	24,294
Vehicle and boat	20,865	2,318	-	2,318	23,183
Fundraising	-	-	16,788	16,788	16,788
Travel	14,866	1,119	-	1,119	15,985
Professional	7,750	7,750	-	7,750	15,500
Other	-	33,521	6,117	39,638	39,638
Total expenses before other non-cash items	1,212,687	179,183	174,302	353,485	1,566,172
Depreciation	98,244	14,377	7,189	21,566	119,810
Amortization on in-kind rent	12,728	1,863	931	2,794	15,522
Total expenses	\$ 1,323,659	\$ 195,423	\$ 182,422	\$ 377,845	\$ 1,701,504

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

**TAMPA BAY WATCH, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,002,847	\$ 958,323
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	170,000	119,810
Forgiveness of debt (Note 11)	(214,635)	-
In-kind rent amortization	15,522	15,522
Investment return, net	(79,264)	(118,996)
Gain on sale of equipment	(19,269)	-
Increase (Decrease) in assets:		
Unconditional promises to give	(99,525)	166,692
Prepaid expenses	(10,312)	(2,419)
Inventory	(37,363)	-
Increase (Decrease) in liabilities:		
Accounts payable	(295,433)	305,796
Accrued payroll	(8,054)	23,299
Deposits	3,661	(2,550)
Net cash provided by operating activities	<u>428,175</u>	<u>1,517,062</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sale of investments, net of purchases	41,574	44,408
Purchase of property and equipment	(486,755)	(992,768)
Proceeds from the sale of property and equipment	39,500	-
Collection of principal on note receivable	608	2,674
Net cash used in investing activities	<u>(405,073)</u>	<u>(945,686)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of long-term debt (Note 11)	<u>214,635</u>	<u>-</u>
Net change in cash and cash equivalents	237,737	571,376
Cash and cash equivalents, beginning of year	<u>1,789,981</u>	<u>1,218,605</u>
Cash and cash equivalents, end of year	<u>\$ 2,027,718</u>	<u>\$ 1,789,981</u>
<b>SUPPLEMENTAL DISCLOSURES ON NONCASH INVESTING ACTIVITIES:</b>		
Conversion of Discovery Center construction in progress into leasehold improvements	\$ 947,593	\$ -
In-kind contributions (at fair value)	<u>\$ 49,975</u>	<u>\$ 1,800</u>
<b>SUPPLEMENTAL DISCLOSURES ON NONCASH FINANCING ACTIVITIES:</b>		
Conversion of PPP loan into a grant (Note 11)	<u>\$ 214,635</u>	<u>\$ -</u>

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

**TAMPA BAY WATCH, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**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.

**Revenue Recognition**

Gifts and contributions are recorded at their fair market value on the date of receipt. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the same reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the 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.

**TAMPA BAY WATCH, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019, 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.

Ticket sales are recognized at a point in time when the tickets are purchased. The Organization has determined that a point in time recognition is appropriate since there are no other performance obligations related to these assets.

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. 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 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.

**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.

**TAMPA BAY WATCH, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**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 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 difference 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**

In accordance with FASB ASC 840, *Leases*, the Organization recognizes reductions in rental expenses and rental revenues in lease arrangements for which it is the lessee and lessor, respectively, on a straight-line basis over the term of the lease.

**TAMPA BAY WATCH, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**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 various programs and other activities have been summarized on a functional basis on the Statements of Functional Expenses. Expenses directly attributable to a specific functional area of the Organization are reported as direct expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the functional areas based on time and effort spent by employees on each functional area or based on the Organization's square footage analysis for all indirect occupancy-related expenses.

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

**Reclassifications**

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation.

**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.

**Recent Accounting Pronouncements Adopted**

The FASB issued new guidance relating to Topic 606. The core principle of this new guidance (ASU 2014-09, *Revenue from Contracts with Customers*) is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization adopted this guidance on as of January 1, 2020. As part of the adoption, the Organization has evaluated each of the five steps of ASC Topic 606 which are as follows: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to the performance obligations; and (5) Recognize revenue when (or as) performance obligations are satisfied. The Organization has determined that the adoption of ASC Topic 606 did not have an impact on the Organization's financial statements.

**TAMPA BAY WATCH, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Recent Accounting Pronouncements Not Yet Adopted**

The FASB issued new guidance that created Topic 842 in the ASC. Topic 842 supersedes the previous lease FASB ASC 840. The core principle of the guidance (ASU 2016-02, *Leases*) is to increase transparency and comparability among organizations by recognizing rights and obligations of leasing activities as assets and lease liabilities on the balance sheet. Under this ASC, lease assets and lease liabilities should be recognized for those leases previously classified as operating leases.

ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021. At this time, it is not known, nor can it be reasonably estimated, what the impact of this standard's adoption will have on the Organization. Management believes the effect on current accounting policies will be immaterial as there are no material lease contracts.

**Subsequent Events**

In accordance with FASB ASC 855, the Organization evaluated subsequent events through August 13, 2021, 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:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 2,027,718	\$ 1,789,981
Unconditional promises to give, net	725,027	625,502
Note receivable, net	30,242	30,850
Investments	<u>651,255</u>	<u>613,565</u>
	<u>3,434,242</u>	<u>3,059,898</u>
Less amounts not available for use within one year		
Net assets with donor restrictions	679,993	1,360,899
Long-term portion of note receivable	<u>28,415</u>	<u>30,242</u>
	<u>708,408</u>	<u>1,391,141</u>
Financial assets available to meet expenditures over the next 12 months	<u>\$ 2,725,834</u>	<u>\$ 1,668,757</u>

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.

**TAMPA BAY WATCH, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 4 INVESTMENTS**

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

	<u>2020</u>	<u>2019</u>
Mutual funds and exchange-traded products		
Equity funds	\$ 457,989	\$ 434,009
Fixed income funds	<u>193,266</u>	<u>179,556</u>
	<u>\$ 651,255</u>	<u>\$ 613,565</u>

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

	<u>2020</u>	<u>2019</u>
Net realized/unrealized gain	\$ 61,896	\$ 83,777
Interest and dividend income	22,516	40,115
Investment expenses	<u>(5,148)</u>	<u>(4,896)</u>
	<u>\$ 79,264</u>	<u>\$ 118,996</u>

**NOTE 5 FAIR VALUE MEASUREMENTS**

The Organization's investments measured at fair value on a recurring basis as follows as of December 31, 2020:

<u>December 31, 2020</u>	Quoted Prices of Identical Products in Active Markets (Level 1)
Mutual funds and exchange-traded products	<u>\$ 651,255</u>

The Organization's investments measured at fair value on a recurring basis as follows as of December 31, 2019:

<u>December 31, 2019</u>	Quoted Prices of Identical Products in Active Markets (Level 1)
Mutual funds and exchange-traded products	<u>\$ 613,565</u>

There were no significant transfers between levels.



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**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 0.36% to 1.62%, depending on the date of the promise.

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

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 435,659	\$ 366,607
One to five years	301,000	272,900
Less unamortized discount	<u>(11,632)</u>	<u>(14,005)</u>
	<u>\$ 725,027</u>	<u>\$ 625,502</u>

As of December 31, 2020 and 2019, management considered all receivables to be collectible. As such, no provision for uncollectible accounts was recorded.

**NOTE 7 NOTE RECEIVABLE**

Note receivable consists of the remaining balance outstanding on a 7.25% note receivable donated to the Organization in April 2011. Monthly payments on the note receivable consist of principal and interest of approximately \$330 and continue until maturity of the note in April of 2032.

**NOTE 8 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<u>Estimate Useful Lives</u>	<u>2020</u>	<u>2019</u>
Buildings and leasehold improvements	10 - 39 years	\$ 4,156,894	\$ 3,868,043
Boats and equipment	5-7 years	455,447	360,222
Office furniture and equipment	5 years	277,837	186,545
Vehicles	5 years	<u>91,315</u>	<u>100,159</u>
		\$ 4,981,493	\$ 4,514,969
Less: accumulated depreciation		<u>(1,782,082)</u>	<u>(1,612,082)</u>
Total property and equipment, net		<u>\$ 3,199,411</u>	<u>\$ 2,902,887</u>

Depreciation expense for the year ended December 31, 2020 and 2019 was approximately \$170,000 and \$120,000 respectively.

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**NOTE 9 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, 2020 and 2019 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 as follows:

Balance at December 31, 2018	\$ 452,713
Recognition of rent expense	<u>(15,522)</u>
Balance at December 31, 2019	421,699
Recognition of rent expense	<u>(15,552)</u>
Balance at December 31, 2020	<u>\$ 406,147</u>

**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 to be paid in even monthly amounts during the lease term. The term of the lease commenced in 2020, upon completion of construction.

The in-kind fair market value of this leased facility is estimated to be \$48,000 for the year ended December 31, 2020.

**NOTE 11 PAYROLL PROTECTION PROGRAM LOAN**

In April 2020, the Organization received loan proceeds from financial institutions in the amount of approximately \$215,000 under the Payroll Protection Program (the “PPP”), a program established under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). In accordance with the PPP funding agreement, the Organization’s loan would be forgiven and converted into a grant once the Organization meets certain criteria related to its payroll, utility, and interest expenses over a specified measurement period.

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Tampa Bay Watch's management determined that the Organization should record the PPP loan as a conditional contribution and that as of December 31, 2020, all conditions had been met. As a result, the Organization has recognized the entire loan as grant revenue on the Statements of Activities.

In February 2021, the Organization received a second PPP loan for approximately \$220,000. This loan was also forgiven and converted into a grant in July 2021.

**NOTE 12 NET ASSETS**

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

	2020	2019
Subject to purpose and passage of time:		
Discovery Center	\$ 1,184,379	\$ 1,944,088
Property used in operations	406,147	421,669
Marine restoration	83,720	219,406
Education	80,328	45,342
Other	15,000	44,594
	\$ 1,769,574	\$ 2,675,099

Net assets released from net assets with donor restrictions were as follows for the years ended December 31:

	2020	2019
Satisfaction of restricted purpose	\$ 1,148,364	\$ 474,898
Expiration of time restrictions	287,422	303,472
	\$ 1,435,786	\$ 778,370

**NOTE 13 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 insured by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC) up to certain limits. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant risk on these accounts.

Unconditional promises to give

As of December 31, 2020 and 2019, approximately 90% and 80% of the unconditional promises to give, respectively, were from two donors.

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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 14 RELATED PARTY TRANSACTIONS**

Contributions recorded for the years ended December 31, 2020 and 2019 include donations from several board members.

**NOTE 15 COMMITMENTS**

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

**NOTE 16 CONTINGENCIES**

In March 2020, the World Health Organization declared a novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. These measures could negatively impact the Organization's operations, vendors, and donors. The Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the Organization's operations or cash flows.

The Organization may be periodically involved in legal actions and claims that arise as a result of events that occur in the normal course of operations.