



Tampa Bay Watch, Inc.
Financial Statements and
Independent Auditors' Report
December 31, 2024 and 2023

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, 2024 and 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, 2024 and 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.

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

KELLY PARTNERS+FRS

ACCOUNTANTS

absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Kelly Partners + FRS, LLC

St. Petersburg, Florida
5/29/2025

Tampa Bay Watch, Inc.
Statements of Financial Position
December 31, 2024 and 2023

	December 31,	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ 1,790,098	\$ 2,018,481
Investments (Notes 4 and 5)	1,600,758	1,304,804
Unconditional promises to give, net (Note 6)	225,438	142,131
Inventory	86,860	77,161
Prepaid expenses	96,031	115,699
Right-of-use asset, finance lease (Note 9)	6,882	9,361
Construction in progress	190,606	22,783
Property and equipment, net of accumulated depreciation (Note 7)	3,071,726	3,048,377
Gifted property (Note 8)	344,059	359,581
Total assets	\$ 7,412,458	\$ 7,098,378
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 57,312	\$ 54,509
Accrued payroll	206,529	166,020
Lease liability, finance lease (Note 9)	7,271	9,612
Deposits	94,187	113,278
Total liabilities	365,299	343,419
Net assets		
Without donor restrictions	4,997,273	4,734,531
Without donor restrictions, board-designated endowment (Note 15)	280,370	150,118
	5,277,643	4,884,649
With donor restrictions (Note 12)	1,769,516	1,870,310
Total net assets	7,047,159	6,754,959
Commitments and contingencies (Note 17)		
Total liabilities and net assets	\$ 7,412,458	\$ 7,098,378

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

Tampa Bay Watch, Inc.
Statement of Activities
Year ended December 31, 2024
(with summarized comparative totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	Total December 31,	
			2024	2023
PUBLIC SUPPORT AND OTHER REVENUES				
Public support				
Grants and contributions	\$ 1,555,465	\$ 1,175,201	\$ 2,730,666	2,215,324
Special events, net of direct costs of \$44,191 and \$116,976 in 2024 and 2023, respectively	215,945	-	215,945	258,087
Membership dues	106,203	-	106,203	115,451
Contributed nonfinancial assets (Note 14)	122,136	-	122,136	162,618
Total public support	1,999,749	1,175,201	3,174,950	2,751,480
Other revenues				
Camps and educational programs	388,249	-	388,249	349,941
Restoration projects	190,430	-	190,430	34,509
Community center use	264,100	-	264,100	261,900
Discovery Center admissions	208,120	-	208,120	169,602
Product sales	139,508	-	139,508	145,540
Other, net	1,930	-	1,930	3,136
Total other revenues	1,192,337	-	1,192,337	964,628
Net assets released from restrictions	1,275,995	(1,275,995)	-	-
Total public support and other revenues	4,468,081	(100,794)	4,367,287	3,716,108
EXPENSES				
Program services				
Marine restoration and education	3,323,640	-	3,323,640	2,984,543
Support services				
Management and general	458,788	-	458,788	526,119
Fundraising	474,143	-	474,143	467,317
Total supporting services	932,930	-	932,930	993,436
Total expenses	4,256,570	-	4,256,570	3,977,979
Change in net assets before other changes	211,511	(100,794)	110,717	(261,871)
OTHER CHANGES				
Return on investments, net of expenses (Note 4)	133,645	-	133,645	120,235
Gain (Loss) on sale of assets	(20,429)	-	(20,429)	(2,617)
Interest income	69,402	-	69,402	63,752
Interest expense	(1,135)	-	(1,135)	(625)
Total other changes	181,483	-	181,483	180,745
Change in net assets	392,994	(100,794)	292,200	(81,126)
Net assets, beginning of year	4,884,649	1,870,310	6,754,959	6,836,085
Net assets, end of year	\$ 5,277,643	\$ 1,769,516	\$ 7,047,159	\$ 6,754,959

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

Tampa Bay Watch, Inc.
Statements of Activities
Year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND OTHER REVENUES			
Public support			
Grants and contributions	\$ 1,138,168	\$ 1,077,156	\$ 2,215,324
Special events, net of direct costs of \$116,976 and \$72,116 in 2023 and 2022, respectively	258,087	-	258,087
Membership dues	115,451	-	115,451
Contributed nonfinancial assets (Note 14)	162,618	-	162,618
Total public support	1,674,324	1,077,156	2,751,480
Other revenues			
Camps and educational programs	349,941	-	349,941
Restoration projects	34,509	-	34,509
Community center use	261,900	-	261,900
Discovery Center admissions	169,602	-	169,602
Product sales	145,540	-	145,540
Other, net	3,136	-	3,136
Total other revenues	964,628	-	964,628
Net assets released from restrictions	1,133,016	(1,133,016)	-
Total public support and other revenues	3,771,968	(55,860)	3,716,108
EXPENSES			
Program services			
Marine restoration and education	2,984,543	-	2,984,543
Support services			
Management and general	526,119	-	526,119
Fundraising	467,317	-	467,317
Total supporting services	993,436	-	993,436
Total expenses	3,977,979	-	3,977,979
Change in net assets before other changes	(206,011)	(55,860)	(261,871)
OTHER CHANGES			
Return on investments, net of expenses (Note 4)	120,235	-	120,235
Gain (Loss) on sale of assets	(2,617)	-	(2,617)
Interest income	63,752	-	63,752
Interest expense	(625)	-	(625)
Total other changes	180,745	-	180,745
Change in net assets	(25,266)	(55,860)	(81,126)
Net assets, beginning of year	4,909,915	1,926,170	6,836,085
Net assets, end of year	\$ 4,884,649	\$ 1,870,310	\$ 6,754,959

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

Tampa Bay Watch, Inc.
Statements of Functional Expenses
Year ended December 31, 2024 (with summarized comparative totals for 2023)

	Program Services	Supporting Services			Total Expenses	
	Marine Restoration and Education	Management and General	Fundraising	Total Supporting Services	December 31,	
					2024	2023
Personnel expenses	\$ 1,984,712	\$ 235,032	\$ 391,719	\$ 626,751	\$ 2,611,463	2,360,280
Other expenses						
Office	283,515	9,245	15,408	24,653	308,168	262,277
Insurance	201,435	6,569	10,948	17,516	218,951	188,910
Professional	-	125,039	-	125,039	125,039	146,643
Marine restoration and education	190,642	-	-	-	190,642	202,946
Special event expenses	-	-	44,191	44,191	44,191	116,976
Cost of product sales	63,398	-	-	-	63,398	59,816
Vehicle and boat	11,219	-	-	-	11,219	20,041
Utilities	53,720	1,752	2,920	4,671	58,391	67,759
Travel	40,009	4,738	7,897	12,635	52,644	44,011
Postage and printing	30,067	980	1,634	2,615	32,682	30,319
Income tax	-	-	(5,235)	(5,235)	(5,235)	2,500
Advertising	11,710	1,607	9,644	11,251	22,961	40,797
Other	7,189	60,439	21,029	81,468	88,657	114,534
Total expenses before other non-cash	2,877,616	445,401	500,154	945,555	3,823,171	3,657,809
Depreciation	334,502	10,908	18,179	29,087	363,589	323,615
Donated rent - Discovery Center	96,000	-	-	-	96,000	96,000
Amortization on donated facilities	15,522	-	-	-	15,522	15,522
Amortization on finance lease	-	2,479	-	2,479	2,479	2,009
Total expenses by function	3,323,640	458,788	518,334	977,121	4,300,761	4,094,955
Less expenses included with revenue on the Statement of Activities						
Special event expenses	-	-	(44,191)	(44,191)	(44,191)	(116,976)
Total expenses	\$ 3,323,640	\$ 458,788	\$ 474,143	\$ 932,930	\$ 4,256,570	\$ 3,977,979

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

Tampa Bay Watch, Inc.
Statement of Functional Expenses
Year ended December 31, 2023

	Program Services	Supporting Services			
	Marine Restoration and Education	Management and General	Fundraising	Total Supporting Services	Total
Personnel expenses	\$ 1,746,607	\$ 259,631	\$ 354,042	\$ 613,673	\$ 2,360,280
Other expenses					
Office	233,427	10,491	18,359	28,850	262,277
Insurance	168,130	7,556	13,224	20,780	188,910
Professional	-	146,643	-	146,643	146,643
Marine restoration and education	202,946	-	-	-	202,946
Special event expenses	-	-	116,976	116,976	116,976
Cost of product sales	59,816	-	-	-	59,816
Vehicle and boat	20,041	-	-	-	20,041
Utilities	60,306	2,710	4,743	7,453	67,759
Travel	32,568	4,841	6,602	11,443	44,011
Postage and printing	26,984	1,214	2,122	3,336	30,320
Income tax	-	-	2,500	2,500	2,500
Advertising	24,892	-	15,905	15,905	40,797
Other	9,287	78,080	27,167	105,247	114,534
Total expenses before other non-cash items	2,585,004	511,166	561,640	1,072,806	3,657,810
Depreciation	288,017	12,944	22,653	35,597	323,614
Donated rent - Discovery Center	96,000	-	-	-	96,000
Amortization on donated facilities	15,522	-	-	-	15,522
Amortization on finance lease	-	2,009	-	2,009	2,009
Total expenses by function	2,984,543	526,119	584,293	1,110,412	4,094,955
Less expenses included with revenue on the Statement of Activities					
Special event expenses	-	-	(116,976)	(116,976)	(116,976)
Total expenses	\$ 2,984,543	\$ 526,119	\$ 467,317	\$ 993,436	\$ 3,977,979

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

Tampa Bay Watch, Inc.
Statements of Cash Flows
Year ended December 31, 2024 and 2023

	December 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 292,200	\$ (81,126)
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation	363,589	323,615
Amortization of donated facilities	15,522	15,522
Right-of-use asset amortization	1,077	1,104
(Gain) Loss on investments	(133,645)	(120,235)
(Gain) Loss on sale of equipment	29,159	2,617
Increase (Decrease) in assets:		
Unconditional promises to give	(83,307)	30,538
Inventory	(9,699)	(242)
Prepaid expenses	19,668	(5,865)
Increase (Decrease) in liabilities:		
Accounts payable	2,803	(11,637)
Accrued payroll	40,509	25,389
Deposits	(19,091)	27,516
Net cash provided by operating activities	<u>518,785</u>	<u>207,196</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments, net of sales	(162,309)	(206,725)
Purchase of property and equipment, net of changes in construction in progress	<u>(583,920)</u>	<u>(269,955)</u>
Net cash used in investing activities	<u>(746,229)</u>	<u>(476,680)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on finance lease liability	<u>(939)</u>	<u>(939)</u>
Cash provided by financing activities	<u>(939)</u>	<u>(939)</u>
Net change in cash and cash equivalents	(228,383)	(270,423)
Cash and cash equivalents, beginning of year	<u>2,018,481</u>	<u>2,288,904</u>
Cash and cash equivalents, end of year	<u>\$ 1,790,098</u>	<u>\$ 2,018,481</u>
SUPPLEMENTAL DISCLOSURES ON NONCASH FINANCING ACTIVITIES:		
Executed finance lease	<u>\$ -</u>	<u>\$ 4,707</u>

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

TAMPA BAY WATCH, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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
DECEMBER 31, 2024 AND 2023

- 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 contributed nonfinancial assets (or in-kind) of goods, property, and services is recognized in the financial statements at its fair value. GAAP requires recognition of contributed nonfinancial assets, 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, restoration projects, 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.

TAMPA BAY WATCH, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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.

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.

TAMPA BAY WATCH, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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

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.

TAMPA BAY WATCH, INC.
NOTES TO THE FINANCIAL STATEMENTS
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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 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 \$23,000 and \$41,000 for the years ended December 31, 2024 and 2023, respectively.

TAMPA BAY WATCH, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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.

Reclassification

Certain amounts in the prior year financial statements were reclassified to conform to the presentation in the current year. These reclassifications had no change on prior year reported change in net assets.

Subsequent Events

In accordance with FASB ASC 855, the Organization evaluated subsequent events through 5/29/2025, 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>	2024	2023
Financial assets at year-end		
Cash and cash equivalents	\$1,790,098	\$2,018,481
Unconditional promises to give, net	225,438	142,131
Investments	1,320,388	1,154,616
Investments, board-designated endowment	280,370	150,188
	3,616,294	3,465,416
Less amounts not available for use within one year		
Net assets with donor restrictions	1,425,457	1,510,729
Long-term portion of note receivable	80,000	11,500
	1,505,457	1,522,229
Financial assets available to meet expenditures over the next 12 months	\$2,110,837	\$1,943,187

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.

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NOTE 4 INVESTMENTS

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

	<i>December 31,</i>	
	2024	2023
Mutual funds and exchange-traded products		
US Equity	\$ 881,620	\$ 664,093
Non US Equity	159,255	150,107
Fixed income funds	413,017	356,547
U.S. Treasury bill	97,824	97,351
Cash and other	49,042	36,706
	\$1,600,758	\$1,304,804

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

	<i>December 31,</i>	
	2024	2023
Net realized/unrealized gain	\$ 80,070	\$ 56,483
Investment interest & dividend income	63,310	72,140
Investment expenses	(9,735)	(8,388)
	\$133,645	\$ 120,235

NOTE 5 FAIR VALUE MEASUREMENTS

The Organization's investments measured at fair value on a recurring basis as follows as of December 31, 2024 and 2023:

	Quoted Prices of Identical Products in Active Markets (Level 1)		Similar assets in active markets (Level 2)	
<u>December 31, 2024</u>				
Mutual funds and exchange-traded products	\$1,453,892		\$	—
U.S. Treasury bill	—			97,824
				—
<u>December 31, 2023</u>				
Mutual funds and exchange-traded products	\$1,170,747		\$	—
U.S. Treasury bill	—			97,351
				—

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 0.8% 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>	
	2024	2023
Less than one year	\$ 149,986	\$ 132,961
One to five years	80,000	11,500
Less unamortized discount	(4,548)	(2,330)
	\$ 225,438	\$ 142,131

As of December 31, 2024 and 2023, management considered all receivables to be collectible. As such, no provision for uncollectible accounts was recorded.

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Estimated	<i>December 31,</i>	
	Useful Lives	2024	2023
Buildings and leasehold improvements	10-39 years	\$ 4,261,950	\$ 4,250,824
Boats and equipment	5-7 years	758,578	641,637
Office furniture and equipment	5 years	611,100	559,416
Vehicles	5 years	400,037	226,899
		\$ 6,031,665	\$ 5,678,776
Less: accumulated depreciation		(2,959,939)	(2,630,399)
Total property and equipment, net		\$ 3,071,726	\$ 3,048,377

Depreciation expense for the years ended December 31, 2024 and 2023 was approximately \$364,000 and \$324,000 respectively.

NOTE 8 GIFTED PROPERTY

The land on which the Organization's facilities are situated was contributed by the State of Florida with no rent payments and a 46-year lease agreement expiring in 2047, for the construction of an administration building. The fair value of rent for each of the years ended December 31, 2024 and 2023 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

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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, 2022	\$ 375,103
Recognition of rent expense	(15,522)
Balance at December 31, 2023	359,581
Recognition of rent expense	(15,522)
Balance at December 31, 2024	\$ 344,059

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 provided increased transparency as it relates to its financial activities.

During 2024 and 2023, the Organization entered into two finance leases for copiers that expire in April 2027 and June 2028.

<i>Year ended December 31,</i>	2024	2023
Finance lease cost		
Amortization of right of use	\$ 2,009	\$ 2,009
Interest on lease liabilities	1,135	625
Total lease cost for the year	\$ 3,144	\$ 2,634

Future minimum lease payments are as follows:

<i>Year ending December 31,</i>	
2025	\$ 2,474
2026	2,616
2027	1,618
2028	563
	\$ 7,271
Current	(2,474)
Long term	\$ 4,797

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

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commenced in 2020, upon completion of construction.

Management has determined that the leased facility is a conditional contribution. The fair market value of this leased facility is estimated to be approximately \$96,000 for each of the years ended December 31, 2024 and 2023.

NOTE 11 NET ASSETS

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

	December 31,	
	2024	2023
Subject to purpose restrictions:		
Marine restoration	\$ 637,427	\$ 606,393
Education	181,916	399,492
Discovery Center	139,631	194,803
Other	466,483	310,041
Subject to the passage of time:		
Property used in operations	344,059	359,581
	\$ 1,769,516	\$ 1,870,310

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, 2024 and 2023 include donations from several board members.

During 2024, the Organization was a subcontractor on a shoreline restoration project with a company whose President is also a board member of the Organization. The Organization received approximately \$155,000 of revenue which is included in Restoration projects in the Statement of Activities for the year ended December 31, 2024.

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NOTE 14 CONTRIBUTED NONFINANCIAL ASSETS

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, 2024				
	Program	Management and General	Fundraising	Total
Discovery Center lease	\$ 96,000	\$ —	\$ —	\$ 96,000
Donated boats and other vehicles	320	—	—	320
Special events venues and catering	—	—	25,816	25,816
	<u>\$ 96,320</u>	<u>\$ —</u>	<u>\$ 25,816</u>	<u>\$ 122,136</u>
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>

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, by majority vote of the Board of Directors, may use the endowment for any purpose.

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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, 2024 and 2023 are as follows:

<i>Year ended December 31,</i>	2024	2023
Board-designated endowment, beginning	\$ 150,118	\$ —
Transfers to board-designated endowment	100,000	150,000
Net investment gain in current year	30,252	118
Board-designated endowment, ending	\$ 280,370	\$ 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.