

THE CORAL RESTORATION FOUNDATION, INC.

**Financial Statements
and
Supplementary Information**

December 31, 2014

THE CORAL RESTORATION FOUNDATION, INC.

Financial Statements
and Supplementary Information

December 31, 2014

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937 Fleming Street,
Key West, FL 33040
P: (305) 294-8137
F: (305) 294-1872



Certified Public Accountants

81990 Overseas Highway, Suite 202
Islamorada, FL 33036
P: 305-735-4325
F: 866-463-0819

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Coral Restoration Foundation, Inc.
5 Seagate Boulevard
Key Largo, FL 33037

We have audited the accompanying statement of financial position of The Coral Restoration Foundation, Inc., (a non-profit organization), as of December 31, 2014 and the related statements of activities and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 of material misstatement. An audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Coral Restoration Foundation, Inc., as of December 31, 2014 and changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Pribramsky & Company, CPAs
Islamorada, FL
June 11, 2015

The Coral Restoration Foundation, Inc.
Statement of Financial Position
December 31, 2014

ASSETS

CURRENT ASSETS

| | | |
|-----------------------|----|----------------|
| Cash | \$ | 534,939 |
| Accounts Receivable | | 2,284 |
| Prepaid Expenses | | 28,399 |
| Inventory-Merchandise | | 11,921 |
| Total Current Assets | | <u>577,543</u> |

| | | |
|--------------------------------|--|-----------------|
| Property and Equipment | | 125,577 |
| Less, accumulated depreciation | | <u>(35,598)</u> |
| Net Property and Equipment | | <u>89,979</u> |

Total Assets \$ 667,522

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | | |
|---------------------------|--|---------------|
| Accounts Payable | | 26,571 |
| Accrued Expenses | | <u>29,091</u> |
| Total Current Liabilities | | 55,662 |

NET ASSETS

Unrestricted 611,860

Total Liabilities and Net Assets \$ 667,522

The accompanying notes are an integral part of these financial statements

The Coral Restoration Foundation, Inc.
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2014

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total 2014</u> |
|--|---------------------|-------------------------------|-------------------|
| SUPPORT AND REVENUES: | | | |
| Contributions | \$ | \$ | \$ |
| Government Grants | | 335,080 | 335,080 |
| Corporate | | 186,800 | 186,800 |
| Foundations | | 251,863 | 251,863 |
| Individuals | | 101,142 | 101,142 |
| In-Kind Property | | 14,219 | 14,219 |
| In-Kind Occupancy | | 13,200 | 13,200 |
| Fundraising | | 130,220 | 130,220 |
| Dive Program | | 32,730 | 32,730 |
| Merchandise Sales-net | | (665) | (665) |
| Satisfaction of Program Restrictions | 1,064,589 | (1,064,589) | |
| Total Support and Revenue | <u>1,064,589</u> | <u>-</u> | <u>1,064,589</u> |
| Expenses: | | | |
| Advertsing and Promotion | 47,513 | | 47,513 |
| Automotive Maintenance | 4,430 | | 4,430 |
| Depreciation | 17,989 | | 17,989 |
| Dive Program | 38,192 | | 38,192 |
| Facilities-Rent, Utilities,Maintanence | 38,870 | | 38,870 |
| Grant Subawards | 52,754 | | 52,754 |
| Insurance | 10,948 | | 10,948 |
| Office Supplies | 16,846 | | 16,846 |
| Payroll, Taxes and Fees | 364,349 | | 364,349 |
| Professional Fees | 47,135 | | 47,135 |
| Restorations | 11,668 | | 11,668 |
| Training | 3,446 | | 3,446 |
| Travel-net | 13,034 | | 13,034 |
| Volunteer Services | 17,096 | | 17,096 |
| Workman's Compensation | 40,065 | | 40,065 |
| Total Expenses | <u>724,335</u> | <u>-</u> | <u>724,335</u> |
| Change in Net Assets | <u>340,254</u> | <u>-</u> | <u>340,254</u> |
| Net Assets, Janaury 1, 2013 | 208,953 | | 208,953 |
| Prior Period Adjustment | 62,653 | - | 62,653 |
| Net Assets as Adjusted | <u>271,606</u> | | <u>271,606</u> |
| Net Assets, December 31, 2014 | <u>\$ 611,860</u> | <u>\$ -</u> | <u>\$ 611,860</u> |

The accompanying notes are an integral part of these financial statements

The Coral Resoration Foundation, Inc.
 Statements of Cash Flows
 Year Ended December 31, 2014

| | | |
|---|----|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in Net Assets | \$ | 340,254 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities: | | |
| Accounts Receivable | | (433) |
| Merchandise Inventory | | (11,921) |
| Prepaid Expenses | | (28,399) |
| Depreciation | | 17,989 |
| Accounts Payable | | 24,351 |
| Accrued Expenses | | 29,091 |
| Net Cash Flows Provided By Operating Activities | | <u>370,932</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Acquisition of Property and Equipment | | <u>(31,315)</u> |
| Net Cash Used By Investing Activities | | <u>(31,315)</u> |
| NET CHANGE IN CASH | | 339,617 |
| CASH, BEGINNING OF YEAR | | <u>195,322</u> |
| CASH, END OF YEAR | \$ | <u><u>534,939</u></u> |

The accompanying notes are an integral part of these financial statements

THE CORAL RESTORATION FOUNDATION, INC.

Notes to Financial Statements

December 31, 2014

(1) Summary of Significant Accounting Policies

(a) Organization

The Coral Restoration Foundation, Inc. (CRF) was incorporated in the State of Florida, in September of 2000 and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. CRF has two locations in Key Largo, Florida consisting of administration and education and a “wet” laboratory. The mission of CRF is to develop affordable, effective strategies for protecting and restoring coral reefs and to train and empower others to implement those strategies in their coastal environments.

(b) Basis of Accounting

The financial statements of CRF have been prepared on the accrual basis of accounting reflecting all significant receivables, payables, and other liabilities and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

(c) Basis of Presentation

Financial statement presentation follows the requirement of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (“SFAS”) No. 117, “Financial Statements of Not-for-Profit Organizations.” Under SFAS No. 17, the CRF is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. CRF adopted SFAS No. 117 for the year ended December 31, 2007. There were no temporarily or permanently restricted assets as of December 31, 2014.

THE CORAL RESTORATION FOUNDATION, INC.

Notes to Financial Statements

December 31, 2014

(1) Summary of Significant Accounting Policies- (Cont.)

(c) Basis of Presentation – (Cont.)

The present classes of net assets are reported as follows:

- Unrestricted Net Assets – Net Assets that are not subject to donor-imposed restrictions.
- Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

(d) Uses of Estimates

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

(e) Cash

The CRF maintains its cash deposit at a local bank. Cash deposits at the bank at December 31, 2014 are in excess of the federal insurance limits in the amount of \$277,689. Management has plans to redistribute the deposits to comply with insured limits. Cash does not include cash received with donor-imposed restrictions that limit their uses to long-term purposes.

THE CORAL RESTORATION FOUNDATION, INC.

Notes to Financial Statements

December 31, 2014

(1) Summary of Significant Accounting Policies – (Cont.)

(f) Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at December 31, 2014. Management has concluded that realization of losses on balances outstanding at December 31, 2014, if any, will be immaterial.

(g) Revenue Recognition

Grants and contributions received are recorded at fair value as increases in unrestricted, temporarily or permanently restricted net assets, depending on the existence and/or any donor restrictions.

All grant and donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(h) Donations

Donations are reflected as contributions in the accompanying statements at their estimated values at the date of the receipt. CRF records contributions if they meet the criteria for recognition under SFAS No. 116, "Accounting for Contributions Received and Contributions Made."

(i) Income Taxes

CRF was organized as a non-profit organization and has received exemption under the provisions of Section 501(c)(3) of the Internal Revenue Code.

THE CORAL RESTORATION FOUNDATION, INC.

Notes to Financial Statements

December 31, 2014

(1) Summary of Significant Accounting Policies – (Cont.)

(j) Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses included as supplementary information. Accordingly, certain costs have been estimated and allocated among the programs and supporting service benefited.

(k) Purchased of property and equipment greater than \$1,000 are recorded at cost. Depreciation is computed the straight-line method over the estimated useful life of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected in income. The cost of maintenance and repairs is charged to expense as incurred, while significant renewals and betterments are capitalized.

(2) Prior Period Adjustments

Various items of property and equipment were acquired in prior years either by purchases or contribution that were not recorded in the records of CRF. Accordingly, they have been recorded at purchased cost or fair value if contributed, as a prior period adjustment as follows:

| | |
|--------------------------------|------------------|
| Automobile | \$ 5,929 |
| Marine-boats and trailers | 43,140 |
| -tools and supplies | 14,381 |
| -dive gear | 11,250 |
| Leasehold Improvements | <u>5,562</u> |
| | 80,262 |
| Less: accumulated depreciation | <u>(17,609)</u> |
| | \$ <u>62,653</u> |

(3) Property and Equipment

SFAS No. 157, Fair Value Measurements, provides that contributions of property and equipment should be recognized at fair value at the date of contribution. SFAS No. 93, Recognition of Depreciation by Not-For-Profit Organizations, requires all not-for-profit organizations to recognize depreciation for all property and equipment except land used

THE CORAL RESTORATION FOUNDATION, INC.

Notes to Financial Statements

December 31, 2014

as a building site and similar assets. CRF recorded donated property based upon the fair value as reported in the Organization's tax returns. See Note 2.

At December 31, 2014 the cost, fair value and accumulated depreciation of CRF's property and equipment were as follows:

| | |
|--|------------------|
| Automotive | \$ 30,829 |
| Marine | 56,819 |
| Tools and supplies | 14,381 |
| Office furniture, equipment and software | 17,986 |
| Leasehold Improvements | <u>5,562</u> |
| Total | 125,577 |
| Less: accumulated depreciation | <u>(35,598)</u> |
| Net Property and equipment | \$ <u>89,979</u> |
| Depreciation expense for the year was | \$ <u>17,989</u> |

(4) Leases

CRF is the lessee of "wet" laboratory and warehouse spaces in Tavernier, Florida from a related party. Rent expense for the year was \$21,600.

In the current and prior years, CRF was given its office facilities rent free with \$100 per month for utilities from an unrelated party. Beginning in 2015, CRF has signed a lease for these premises at an annual rent of \$14,400. The difference of \$13,200 was recorded in 2014 as an in-kind contribution. Landlord will pay real estate taxes on each lease. Both leases are renewable annually and may be cancelled by either party with 30 days notice.

(5) Summary of Grants

The following summaries CRF's funding over the year ended December 31, 2014

Grants

| | |
|--|-------------------|
| Federal Government – NOAA | \$ 225,000 |
| Monroe County Tourist Development Council | <u>110,080</u> |
| Total | \$ <u>335,080</u> |

THE CORAL RESTORATION FOUNDATION, INC.

Notes to Financial Statements

December 31, 2014

(6) Donated Property and Services

In the current year CRF has received contributions of tangible property as follows:

| | |
|-------------------------------|------------------|
| Automotive | \$ 2,329 |
| Office equipment and supplies | <u>11,890</u> |
| | \$ <u>14,219</u> |

In addition, a significant amount of donated services is received from unpaid volunteers (except for acceptable reimbursable expense) to learn and practice coral restoration procedures. The value of these donated services are not reflected in the financial statements since the services do not meet the requirements for criteria for recognition under FASB ASC 958-605-50-1

(7) Income Taxes

The CRF is a not-for-profit organization under Section 501 (c) (3) of the Internal Revenue Code and income tax regulations of the State of Florida. CRF had a net loss from unrelated business income during the year ended December 31, 2014 and accordingly no provision for Federal or State income taxes has been provided in the accompanying financial statements.

937 Fleming Street,
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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
The Coral Restoration Foundation, Inc
5 Seagate Boulevard
Key Largo, FL 33037

Our report on our audit of the basic financial statements of The Coral Restoration Foundation, Inc. appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of Functional Expenses on page 12 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

The Coral Restoration Foundation, Inc.
Statement of Functional Expenses
Year Ended December 31, 2014

| | Program | | Fund | Total |
|-----------------------------------|-------------------|-------------------|------------------|-------------------|
| | <u>Services</u> | <u>Management</u> | <u>Raising</u> | |
| Advertising and Promotion | \$ 32 | \$ 3,379 | \$ 44,102 | 47,513 |
| Automotive Maintenance | 3,322 | 1,108 | | 4,430 |
| Coral Restoration | 11,668 | | | 11,668 |
| Depreciation | 17,766 | 223 | | 17,989 |
| Dive Program | 38,192 | | | 38,192 |
| Facilities-Rent, Utilities, Maint | 23,103 | 15,767 | | 38,870 |
| Grant Subawards | 52,754 | | | 52,754 |
| Insurance | 8,707 | 2,241 | | 10,948 |
| Office Supplies | 441 | 15,580 | 825 | 16,846 |
| Payroll, Taxes and Fees | 228,413 | 125,724 | 10,212 | 364,349 |
| Professional Fees | | 6,300 | 40,835 | 47,135 |
| Training | 1,446 | 2,000 | | 3,446 |
| Travel-net | 3,467 | 6,480 | 3,087 | 13,034 |
| Volunteer Services | 14,823 | 2,273 | | 17,096 |
| Workman's Compensation | 37,072 | 2,754 | 239 | 40,065 |
| Total Expenses | \$ 441,206 | \$ 183,829 | \$ 99,300 | \$ 724,335 |

See independent auditors' report on supplementary information