

REEF ENVIRONMENTAL EDUCATION FOUNDATION

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT
December 31, 2024 and 2023**

SULLIVAN & FENGLER CERTIFIED PUBLIC ACCOUNTANTS

Table of Contents

PAGE

Independent Auditors' Report	3-4
Financial Statements	
Statements of Financial Position.....	6
Statement of Activities 2024.....	7
Statement of Activities 2023 (Reviewed).....	8
Statement of Functional Expenses 2024.....	9
Statement of Functional Expenses 2023 (Reviewed).....	10
Statements of Cash flow.....	11
Notes to Financial Statements.....	13-18

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Reef Environmental Education Foundation ("REEF" the "Organization") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements 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 the Organization as of December 31, 2024, and the changes in net assets and its cash flows for the year 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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 the Organization'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 the Organization'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.

Report on Comparative Information

We have previously Reviewed the Organization's 2023 financial statements, and are not aware of any material modifications that should be made to the 2023 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America in our report dated June 28, 2024. In our opinion, the Reviewed comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects.

Sullivan & Fengler

Fort Lauderdale, FL
August 26, 2025

FINANCIAL STATEMENTS

REEF ENVIRONMENTAL EDUCATION FOUNDATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2024 and 2023

<u>ASSETS</u>	2024	2023 (Reviewed)
Cash	\$ 1,354,564	\$ 1,355,624
Investments cash	481,739	265,947
Accounts receivable (Note B)	264,799	176,188
Prepaid expenses	19,964	18,158
Inventory (Note B)	42,507	131,487
Fixed assets, net of accumulated depreciation of \$292,365 and \$273,913 for 2024 and 2023, respectively (Note G)	4,742,014	1,730,290
Deposits	-	2,750
TOTAL ASSETS	\$ 6,905,587	\$ 3,680,444
 <u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	\$ 119,893	\$ 62,320
Deferred revenue - trip deposits, net (Note D)	506,220	346,236
TOTAL LIABILITIES	626,113	408,556
Net Assets:		
Without donor restrictions		
Without donor restrictions	4,662,651	1,808,780
Board designated (Note F)	784,375	261,309
Total without donor restriction	5,447,026	2,070,089
With donor restrictions (Note H)	832,448	1,201,799
TOTAL NET ASSETS	6,279,474	3,271,888
TOTAL LIABILITIES AND NET ASSETS	\$ 6,905,587	\$ 3,680,444

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

REEF ENVIRONMENTAL EDUCATION FOUNDATION

STATEMENT OF ACTIVITIES

Year Ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Support:			
Grants, awards, and contributions	\$ 1,039,996	\$ 3,257,816	\$ 4,297,812
In-kind contributions (Note E)	152,051	-	152,051
Program income	815,582	-	815,582
Return on investment	17,741	-	17,741
Other income	6,527	-	6,527
Satisfaction of restriction	<u>3,627,167</u>	<u>(3,627,167)</u>	<u>-</u>
Total Revenue and Support	5,659,064	(369,351)	5,289,713
Expenses:			
Program services	<u>1,993,333</u>	<u>-</u>	<u>1,993,333</u>
Supporting Expenses:			
Management and general	195,133	-	195,133
Fundraising and development	<u>93,661</u>	<u>-</u>	<u>93,661</u>
Total Supporting Expenses	<u>288,794</u>	<u>-</u>	<u>288,794</u>
Total Expenses	<u>2,282,127</u>	<u>-</u>	<u>2,282,127</u>
Change in Net Assets	3,376,937	(369,351)	3,007,586
Net assets beginning of year	<u>2,070,089</u>	<u>1,201,799</u>	<u>3,271,888</u>
Net assets end of year	<u>\$ 5,447,026</u>	<u>\$ 832,448</u>	<u>\$ 6,279,474</u>

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

REEF ENVIRONMENTAL EDUCATION FOUNDATION**STATEMENT OF ACTIVITIES**
Year Ended December 31, 2023
(REVIEWED)

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

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

REEF ENVIRONMENTAL EDUCATION FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2024

	Program Services	Management and General	Fundraising and Development	Total
Salaries	\$ 631,150	\$ 84,666	\$ 53,879	\$ 769,695
Payroll taxes	48,790	6,545	4,165	59,500
	<u>679,940</u>	<u>91,211</u>	<u>58,044</u>	<u>829,195</u>
Educational programs	831,728	16,498	-	848,226
Community awareness and education	50,511	-	-	50,511
Contract labor	160,726	200	4,645	165,571
Insurance	6,609	61,998	564	69,171
Interns	59,193	-	-	59,193
Postage, printing, and office	94,814	612	21,380	116,806
Bank fees	11,691	1,299	-	12,990
Licenses, permits, and fees	-	463	-	463
Professional fees	8,918	7,073	8,918	24,909
Dues and subscriptions	15,146	3,786	-	18,932
Small equipment and rental	26,602	-	-	26,602
Utilities	17,296	5,766	-	23,062
Repairs and maintenance	12,956	4,711	110	17,777
Total expenses before depreciation	<u>1,976,130</u>	<u>193,617</u>	<u>93,661</u>	<u>2,263,408</u>
Depreciation	<u>17,203</u>	<u>1,516</u>	<u>-</u>	<u>18,719</u>
Total Expenses	<u>\$ 1,993,333</u>	<u>\$ 195,133</u>	<u>\$ 93,661</u>	<u>\$ 2,282,127</u>
Percentage to total expense	87%	9%	4%	100%

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

REEF ENVIRONMENTAL EDUCATION FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

(REVIEWED)

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

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

REEF ENVIRONMENTAL EDUCATION FOUNDATION

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2024 and 2023

	2024	2023 (Reviewed)
Cash flows from (to) operating activities		
Change in net assets	\$ 3,007,586	\$ 1,235,944
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,719	23,237
(Increase) decrease in operating assets:		
Accounts receivable	(88,611)	324,827
Prepaid expenses	(1,806)	(9,981)
Inventory	88,980	(81,206)
Deposits	2,750	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	57,573	(99,996)
Deferred revenue	159,984	(161,728)
Net assets provided (used) by operating activities	3,245,175	1,231,097
Cash flows from (to) investing activities:		
Maturity of certificate of deposit	528,322	528,322
Purchase of fixed assets	(3,030,443)	(1,149,007)
Cash flows from (to) investing activities	(2,502,121)	(620,685)
Net change in cash and cash equivalents	743,054	610,412
Cash and cash equivalents, beginning of year	1,093,249	1,011,159
Cash and cash equivalents, end of year	\$ 1,836,303	\$ 1,621,571
Cash operating	\$ 1,354,564	\$ 1,355,624
Cash investing	481,739	265,947
	\$ 1,836,303	\$ 1,621,571

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

NOTES TO FINANCIAL STATEMENTS

REEF ENVIRONMENTAL EDUCATION FOUNDATION

Notes to Financial Statements

December 31, 2024 and 2023

NOTE A - NATURE OF ACTIVITIES

Nature of Activities

Reef Environmental Education Foundation ("REEF" the "Organization") was established as a nonprofit organization in 1990. REEF conserves marine environments worldwide. The mission is to protect biodiversity and ocean life by actively engaging and inspiring the public through citizen science, education, and partnerships with the scientific community. REEF connects ocean enthusiasts and the dive community with scientists and resource managers through data collection activities and education initiatives. The REEF Campus in Key Largo, Florida serves as a visitors center for education and outreach to the public. In 2024, REEF continued to protect marine environments through education, service, and research. 87% of revenue directly supports programs to conserve marine environments through the Volunteer Fish Survey Project, protect endangered species through the Grouper Moon Project, reduce the impacts of invasive species, all while educating and engaging the public to protect the oceans. REEF is primarily supported through grants, donor contributions, and program services.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Net Assets

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

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

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

Revenue Recognition

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

REEF ENVIRONMENTAL EDUCATION FOUNDATION

Notes to Financial Statements

December 31, 2024 and 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Grants/Contributions

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

Donated Services

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

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

Receivables

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

Income Taxes

The Organization qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. The Organization also qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). Income from certain Organization activities not directly related to its tax-exempt purpose may be subject to income tax. The Organization had no such income for 2024 or 2023. The current and previous three years remain subject to examination by the IRS.

Advertising

Advertising costs (community awareness) are charged to operation when incurred. The Organization incurred \$50,511 and \$41,764 in advertising cost for the years ended December 31, 2024 and 2023, respectively.

REEF ENVIRONMENTAL EDUCATION FOUNDATION

Notes to Financial Statements

December 31, 2024 and 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Estimates

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

Cash and Cash Equivalents

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

Functional Allocation of Expenses

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

The expenses that are allocated include the following:

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

Inventory

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

Property and Equipment

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

REEF ENVIRONMENTAL EDUCATION FOUNDATION

Notes to Financial Statements

December 31, 2024 and 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 26, 2025, the date which the financial statements were available to be issued.

NOTE C - COMMITMENTS AND CONTINGENCIES

Construction Contract

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

Concentration of Credit Risk

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

NOTE D - GRANTS AND CONTRACTS

Trip Deposits

The Organization has entered into agreements for dive programs in 2025 and beyond, requiring deposits for charters, and has taken deposits from participants, which are reflected net in trip deposits. Certain portions of the deposits are non-refundable.

NOTE E - CONTRIBUTED SERVICES AND MATERIALS

The Organization received \$14,477 and \$16,807 in contributed services and materials for the years ending December 31, 2024 and 2023, respectively. The support is recorded as in-kind contributions, valued at fair market value, in the statement of activities with the offsetting expense on the statement of functional expenses as program expense. In-kind revenue consists of program related materials and is included in educational programs in the associated statement of functional expenses.

During the year ended December 31, 2024, the Organization received \$137,425 as a discount the purchase of a residential house for Organization interns. The support is recorded as in-kind contributions, valued at fair market value, in the statement of activities with the offsetting expense capitalized as fixed assets, in the statement of financial position.

REEF ENVIRONMENTAL EDUCATION FOUNDATION

Notes to Financial Statements

December 31, 2024 and 2023

NOTE F - BOARD DESIGNATED NET ASSETS

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

NOTE G - FIXED ASSETS

Property and equipment as of December 31:

	2024	2023 (Reviewed)
Construction in process	\$ -	\$ 1,247,543
Land and building	4,889,065	611,346
Building improvements	12,447	12,447
Machinery and equipment	132,867	132,867
	5,034,379	2,004,203
Accumulated depreciation	(292,365)	(273,913)
	<u>\$ 4,742,014</u>	<u>\$ 1,730,290</u>

The aggregate depreciation charged to operations was \$18,719 and \$23,237 for the year ended December 31, 2024 and 2023, respectively.

During 2022, the Organization started a capital campaign for construction of a building and campus in Key Largo, Florida. A construction contract has been entered into (see Note C). Construction costs incurred as of December 31, 2024 and 2023 were \$2,020,297 and \$1,247,543, respectively.

NOTE H - NET ASSETS WITH DONOR RESTRICTION

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

Program/Purpose	12/31/2023	Contributions	Released	12/31/2024
Education	\$ 177,771	\$ -	\$ -	\$ 177,771
Volunteer Fish Survey Program	75,000	105,000	30,000	150,000
Program expansion	20,000	-	20,000	-
Ocean Explorer Program	2,500	-	-	2,500
Scholarships	75,179	6,607	17,900	63,886
Invasive Species Program	1,000	1,000	-	2,000
Grouper Moon Project	44,989	56,954	85,068	16,875
Grouper Spotter	50,101	24,206	-	74,307
General operating	30,267	35,534	25,267	40,534
REEF House/Tech Center	615,762	2,904,043	3,311,773	208,032
Smile Project	73,230	124,472	101,159	96,543
Interns	36,000	-	36,000	-
	<u>\$ 1,201,799</u>	<u>\$ 3,257,816</u>	<u>\$ 3,627,167</u>	<u>\$ 832,448</u>

REEF ENVIRONMENTAL EDUCATION FOUNDATION

Notes to Financial Statements

December 31, 2024 and 2023

NOTE I - LIQUIDITY AND AVAILABILITY OF RESOURCES

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

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

	2024	2023 (Reviewed)
Cash and cash equivalents	\$ 1,836,303	\$ 1,621,571
Accounts receivable	264,799	176,188
Total financial assets available within one year	<u>2,101,102</u>	<u>1,797,759</u>
Less:		
Amounts unavailable for general expenditures within one year:		
Restricted by donors with purpose restrictions	<u>832,448</u>	<u>1,201,799</u>
Total financial assets available to management within one year	<u>\$ 1,268,654</u>	<u>\$ 595,960</u>