

Sea Turtle Conservancy, Inc.

Financial Statements And Independent Auditors' Report

December 31, 2016 and 2015

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Kattell and Company, P.L.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Sea Turtle Conservancy, Inc.
Gainesville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Sea Turtle Conservancy, Inc. (the Corporation), which comprise the statements of financial position as of December 31, 2016 and 2015, 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.

Auditors' Responsibility.

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 the Corporation, as of December 31, 2016 and 2015, 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.

Kattell and Company, P.L.

August 28, 2017

"Not everything that counts can be counted, and not everything that can be counted counts."

- Albert Einstein

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Statements of Financial Position
December 31, 2016 and 2015
Sea Turtle Conservancy, Inc.

	<u>2016</u>	<u>2015</u>
Assets		
Cash	\$ 1,480,863	\$ 993,418
Advances	259	250
Receivables	333,727	434,345
Prepays and Deposits	15,118	27,320
Inventories	39,736	34,311
Assets Restricted to Long-Term Purposes:		
Cash	671,998	685,051
Investments	1,878,778	1,893,760
Structures and Equipment, Net	245,299	186,329
Land	<u>25,300</u>	<u>25,300</u>
Total Assets	<u>\$ 4,691,078</u>	<u>\$ 4,280,084</u>
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 33,974	\$ 33,160
Accrued Liabilities	87,564	79,426
Deferred Revenue	246,134	166,080
Agency Deposits	<u>65,225</u>	<u>8,880</u>
Total Liabilities	432,897	287,546
Net Assets:		
Unrestricted:		
Invested in Property and Equipment	270,599	211,629
Other	<u>737,835</u>	<u>510,756</u>
Total Unrestricted	1,008,434	722,385
Temporarily Restricted	710,423	701,971
Permanently Restricted	<u>2,539,324</u>	<u>2,568,182</u>
Total Net Assets	<u>4,258,181</u>	<u>3,992,538</u>
Total Liabilities and Net Assets	<u>\$ 4,691,078</u>	<u>\$ 4,280,084</u>

See accompanying notes.

Statement of Activities
For the Year Ended December 31, 2016
Sea Turtle Conservancy, Inc.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>Support</u>				
Government Grants	\$ 52,000	\$ 530,829	\$ --	\$ 582,829
Non-Government Grants	1,012,835	119,500	--	1,132,335
Contributions	376,948	85,033	22,065	484,046
Membership Dues	213,502	--	--	213,502
In-Kind Contributions	13,072	--	--	13,072
Net Assets Released from Restrictions:				
Donor Restriction Released	--	135,000	(135,000)	--
Purpose Restrictions Satisfied	863,084	(863,084)	--	--
Total Support	<u>2,531,441</u>	<u>7,278</u>	<u>(112,935)</u>	<u>2,425,784</u>
<u>Revenues</u>				
Program Revenues	465,127	--	--	465,127
Sales and Rentals	120,639	--	--	120,639
Interest on Deposits	1,292	--	--	1,292
Investment Income, Net of Fees	(918)	1,099	(11,272)	(11,091)
Royalties	57,828	--	--	57,828
Other	6,304	--	--	6,304
Special Events	21,488	--	--	21,488
Total Revenues	<u>671,760</u>	<u>1,099</u>	<u>(11,272)</u>	<u>661,587</u>
Total Support and Revenues	3,203,201	8,377	(124,207)	3,087,371
<u>Expenses</u>				
Program Services:				
Tortuguero Research and Conservation	506,298	--	--	506,298
Panama Research and Conservation	334,530	--	--	334,530
International Programs	98,891	--	--	98,891
Lighting and Predation Programs	779,687	--	--	779,687
Florida Programs	728,672	--	--	728,672
Barrier Island Center	125,789	--	--	125,789
Supporting Activities:				
General and Administrative	127,933	--	--	127,933
Development	179,021	--	--	179,021
Costs of Sales	36,646	--	--	36,646
Total Expenses	<u>2,917,467</u>	<u>--</u>	<u>--</u>	<u>2,917,467</u>
Excess of Support and Revenues Over Expenses	285,734	8,377	(124,207)	169,904
Net Investment Gain/(Loss)	315	75	95,349	95,739
Change in Net Assets	286,049	8,452	(28,858)	265,643
Net Assets, January 1, 2016	<u>722,385</u>	<u>701,971</u>	<u>2,568,182</u>	<u>3,992,538</u>
Net Assets, December 31, 2016	<u>\$ 1,008,434</u>	<u>\$ 710,423</u>	<u>\$ 2,539,324</u>	<u>\$ 4,258,181</u>

See accompanying notes.

Statement of Activities
For the Year Ended December 31, 2015
Sea Turtle Conservancy, Inc.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>Support</u>				
Government Grants	\$ 63,781	\$ 547,419	\$ --	\$ 611,200
Non-Government Grants	993,941	129,500	--	1,123,441
Contributions	275,108	60,427	6,602	342,137
Membership Dues	204,614	--	--	204,614
In-Kind Contributions	253	--	--	253
Net Assets Released from Restrictions:				
Donor Restriction Released	--	100,000	(100,000)	--
Purpose Restrictions Satisfied	742,576	(742,576)	--	--
Total Support	<u>2,280,273</u>	<u>94,770</u>	<u>(93,398)</u>	<u>2,281,645</u>
<u>Revenues</u>				
Program Revenues	597,672	--	--	597,672
Sales and Rentals	125,362	--	--	125,362
Interest on Deposits	875	--	--	875
Investment Income, Net of Fees	(1,190)	1,470	(16,363)	(16,083)
Royalties	22,661	--	--	22,661
Other	8,018	--	--	8,018
Special Events	31,538	--	--	31,538
Total Revenues	<u>784,936</u>	<u>1,470</u>	<u>(16,363)</u>	<u>770,043</u>
Total Support and Revenues	3,065,209	96,240	(109,761)	3,051,688
<u>Expenses</u>				
Program Services:				
Tortuguero Research and Conservation	534,442	--	--	534,442
Panama Research and Conservation	316,838	--	--	316,838
International Programs	78,388	--	--	78,388
Lighting and Predation Programs	827,122	--	--	827,122
Florida Programs	754,010	--	--	754,010
Barrier Island Center	129,945	--	--	129,945
Supporting Activities:				
General and Administrative	109,537	--	--	109,537
Development	151,126	--	--	151,126
Costs of Sales	38,014	--	--	38,014
Total Expenses	<u>2,939,422</u>	<u>--</u>	<u>--</u>	<u>2,939,422</u>
Excess of Support and Revenues Over Expenses	125,787	96,240	(109,761)	112,266
Net Investment Gain/(Loss)	485	(447)	49,710	49,748
Change in Net Assets	126,272	95,793	(60,051)	162,014
Net Assets, January 1, 2015	<u>596,113</u>	<u>606,178</u>	<u>2,628,233</u>	<u>3,830,524</u>
Net Assets, December 31, 2015	<u>\$ 722,385</u>	<u>\$ 701,971</u>	<u>\$ 2,568,182</u>	<u>\$ 3,992,538</u>

See accompanying notes.

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Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015
Sea Turtle Conservancy, Inc.

	2016	2015
Cash Flows from Operating Activities:		
Contributions, Grants, and Dues	\$ 2,571,319	\$ 2,093,601
Sales and Rentals	120,639	125,362
Program Revenues	465,127	597,672
Interest and Dividends Received	37,825	39,698
Royalties and Other	85,620	62,217
Expenditures	<u>(2,825,022)</u>	<u>(2,943,688)</u>
Net Cash Provided by Operating Activities	455,508	(25,138)
Cash Flows from Investing Activities:		
Investments Liquidated	113,133	102,965
Investments Purchased	(450)	(10,000)
Purchase of Structures and Equipment	<u>(102,811)</u>	<u>(27,013)</u>
Net Cash Provided By Investing Activities	9,872	65,952
Cash Flows from Financing Activities:		
Contribution for Long Term Investment	<u>22,065</u>	<u>6,602</u>
Net Cash Provided By Financing Activities	22,065	6,602
Net Change in Cash and Equivalents	487,445	47,416
Cash, Beginning of Year	993,418	946,002
Cash, End of Year	<u>\$ 1,480,863</u>	<u>\$ 993,418</u>

Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities

Change in Net Assets	\$ 265,643	\$ 162,014
Adjustments:		
Depreciation	43,841	45,438
Investment Fees, Net of Income	11,091	16,418
Contribution for Long Term Investment	(22,065)	(6,602)
Net (Gains) / Loss on Investments	(95,739)	(49,748)
Change in:		
Advances	(9)	(250)
Receivables	100,618	(167,103)
Prepays & Deposits	12,202	(4,967)
Inventories	(5,425)	(1,441)
Accounts Payable	814	(1,900)
Accrued Liabilities	8,138	2,029
Deferred Revenue	80,054	(14,086)
Agency Deposits	<u>56,345</u>	<u>(4,940)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 455,508</u>	<u>\$ (25,138)</u>

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2016
Sea Turtle Conservancy, Inc.

	Program Services				
	Tortuguero Research And Conservation	Panama Research and Conservation	International Programs	Lighting, and Predation Programs	Florida Programs
Communications	\$ 3,865	\$ 1,937	\$ 832	\$ 5,507	\$ 7,569
Cost of Items Sold	21,950	--	--	--	--
Depreciation	32,209	2,808	--	2,496	5,740
Donations	3,182	--	--	--	2,000
Equipment	--	--	--	--	--
Equipment and Facilities Operations, Repairs and Maintenance, and Security	36,509	21,784	--	230	667
Food	43,858	31,453	1,284	--	--
Grants	--	--	--	430,239	270,137
Insurance	8,469	--	500	3,430	--
Legal and Professional	4,004	583	--	--	--
Materials and Supplies	12,057	7,554	2,144	13,710	29,841
Office Expenses	6,492	2,942	275	--	2,470
Payroll and Personnel	255,837	225,649	22,501	268,402	275,683
Postage and Freight	10,140	384	483	619	7,399
Printing and Publications	231	303	--	859	2,485
Rent and Facilities Use	13,488	9,544	543	10,906	10,845
Satellite Transmitter Airtime	1,621	2,614	11,078	--	8,037
Tagging Supplies and Payments	8,071	5,785	19,626	--	11,358
Technical Consultants	175	--	17,804	11,000	16,160
Travel, Conferences, Meetings, and Training	32,123	20,971	21,697	30,031	75,801
Utilities	12,017	219	124	2,258	2,480
Total Expenses Reported by Function on the Statement of Activities	506,298	334,530	98,891	779,687	728,672
Investment Fees – Reported Net of Investment Income	--	--	--	--	--
Total Expenses Reported by Function	\$ 506,298	\$ 334,530	\$ 98,891	\$ 779,687	\$ 728,672

See accompanying notes.

Program Services		Supporting Activities					Total Expenses
Barrier Island Center	Total Program Services	General and Administrative	Development	Costs of Sales	Total Supporting Activities		
\$ 703	\$ 20,413	\$ 1,752	\$ 3,131	\$ 247	\$ 5,130	\$ 25,543	
26,837	48,787	--	--	13,089	13,089	61,876	
147	43,400	147	294	--	441	43,841	
2,544	7,726	--	125	--	125	7,851	
--	--	--	--	--	--	--	
144	59,334	236	7,241	45	7,522	66,856	
--	76,595	--	--	--	--	76,595	
--	700,376	--	--	--	--	700,376	
--	12,399	6,241	--	--	6,241	18,640	
--	4,587	14,780	--	--	14,780	19,367	
17,265	82,571	1,828	16,161	398	18,387	100,958	
5,612	17,791	1,093	9,067	2,905	13,065	30,856	
66,334	1,114,406	78,601	86,611	14,590	179,802	1,294,208	
293	19,318	2,410	8,423	3,286	14,119	33,437	
1,512	5,390	64	20,287	533	20,884	26,274	
3,508	48,834	8,242	4,136	560	12,938	61,772	
--	23,350	--	--	--	--	23,350	
--	44,840	--	--	--	--	44,840	
--	45,139	--	15,080	--	15,080	60,219	
162	180,785	10,846	7,594	878	19,318	200,103	
728	17,826	1,693	871	115	2,679	20,505	
125,789	2,573,867	127,933	179,021	36,646	343,600	2,917,467	
--	--	36,533	--	--	36,533	36,533	
\$ 125,789	\$ 2,573,867	\$ 164,466	\$ 179,021	\$ 36,646	\$ 380,133	\$ 2,954,000	

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2015
Sea Turtle Conservancy, Inc.

	Program Services				
	Tortuguero Research And Conservation	Panama Research and Conservation	International Programs	Lighting, and Predation Programs	Florida Programs
Communications	\$ 4,332	\$ 2,044	\$ 282	\$ 7,781	\$ 6,550
Cost of Items Sold	20,584	--	--	--	--
Depreciation	32,038	2,720	149	3,118	5,761
Donations	1,624	119	100	--	--
Equipment	--	--	--	--	--
Equipment and Facilities Operations, Repairs and Maintenance, and Security	38,345	18,358	--	276	569
Food	47,412	26,411	1,071	--	--
Grants	--	--	--	464,087	281,152
Insurance	9,675	1,948	500	3,217	--
Legal and Professional	4,551	550	--	--	--
Materials and Supplies	16,302	8,513	243	9,327	17,438
Office Expenses	7,005	7,851	248	--	1,487
Payroll and Personnel	265,238	205,864	17,897	247,119	300,476
Postage and Freight	11,950	1,394	927	786	13,559
Printing and Publications	444	1,590	879	1,124	34,149
Rent and Facilities Use	12,958	8,239	293	9,397	12,108
Satellite Transmitter Airtime	3,670	1,671	7,946	--	9,805
Tagging Supplies and Payments	16,205	6,492	8,573	--	9,033
Technical Consultants	340	6,800	18,016	42,142	5,505
Travel, Conferences, Meetings, and Training	29,240	16,059	21,191	36,611	53,517
Utilities	12,529	215	73	2,137	2,901
Total Expenses Reported by Function on the Statement of Activities	534,442	316,838	78,388	827,122	754,010
Investment Fees – Reported Net of Investment Income	--	--	--	--	--
Total Expenses Reported by Function	\$ 534,442	\$ 316,838	\$ 78,388	\$ 827,122	\$ 754,010

See accompanying notes.

Program Services		Supporting Activities					Total Expenses
Barrier Island Center	Total Program Services	General and Administrative	Development	Costs of Sales	Total Supporting Activities		
\$ 598	\$ 21,587	\$ 1,129	\$ 5,515	\$ 171	\$ 6,815	\$ 28,402	
31,094	51,678	--	--	12,082	12,082	63,760	
236	44,022	898	518	--	1,416	45,438	
2,544	4,387	--	--	--	--	4,387	
--	--	--	--	--	--	--	
111	57,659	394	7,017	13	7,424	65,083	
--	74,894	--	--	--	--	74,894	
--	745,239	--	--	--	--	745,239	
--	15,340	5,922	3	--	5,925	21,265	
--	5,101	18,285	--	--	18,285	23,386	
13,367	65,190	1,965	7,864	256	10,085	75,275	
5,780	22,371	1,215	8,415	3,730	13,360	35,731	
70,725	1,107,319	59,959	88,656	16,389	165,004	1,272,323	
650	29,266	1,883	6,998	3,242	12,123	41,389	
358	38,544	213	11,597	731	12,541	51,085	
3,436	46,431	7,286	3,682	672	11,640	58,071	
--	23,092	--	--	--	--	23,092	
--	40,303	--	--	--	--	40,303	
--	72,803	1,000	--	--	1,000	73,803	
257	156,875	7,693	10,012	576	18,281	175,156	
789	18,644	1,695	849	152	2,696	21,340	
129,945	2,640,745	109,537	151,126	38,014	298,677	2,939,422	
--	--	38,823	--	--	38,823	38,823	
\$ 129,945	\$ 2,640,745	\$ 148,360	\$ 151,126	\$ 38,014	\$ 337,500	\$ 2,978,245	

See accompanying notes.

Notes to Financial Statements
December 31, 2016 and 2015
Sea Turtle Conservancy, Inc.

NOTE 1 – Summary of Significant Accounting Policies

Entity

Sea Turtle Conservancy, Inc. (the Corporation) is a nonprofit corporation organized under the Florida Not-For-Profit Corporation Act. The Corporation is operated exclusively for charitable, scientific and educational purposes; primarily the study, conservation and preservation of marine sea turtles and tropical habitat.

Tax Status

The Corporation is tax exempt under Section 501(c)(3) of the Internal Revenue Code and does not earn any unrelated business taxable income. Therefore, no provision for income taxes is reflected in the accompanying financial statements. In addition, The Corporation qualifies for the charitable contributions deduction and has been classified by the Internal Revenue Service as an organization that is not a private foundation. The Corporation holds no uncertain tax positions and, therefore, has no policy for evaluating them.

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting.

Cash

Cash consists of cash on hand, checking, savings, money market accounts and certificates of deposit, if any, with original maturities of less than three months.

Advances

Advances represent unexpended amounts of cash controlled by employees or technical consultants. The cash is advanced to enable personnel to pay travel expenses or to conduct remote field operations.

Receivables

Receivables include contributions, contract billings for services performed, and other receivables. The Corporation records receivables at net realizable value using the allowance method. No allowance is provided since all receivables are deemed fully collectible.

Inventories

Inventories, consisting of supplies, merchandise for sale, and donor gifts, are stated at the lower of cost or market using the first-in, first-out (FIFO) method of determining cost.

Investments

Investments are reported at fair value. The Corporation invests only in debt and equity securities with readily determinable fair values. Fair value is determined by reference to quoted prices in active markets for identical assets and other relevant information generated by market transactions (also known as Level 1 of the fair value hierarchy).

The Corporation's investment objectives are to:

- (1) protect in perpetuity the purchasing power of endowment principal;
- (2) achieve superior long-term investments through a diversified portfolio; and
- (3) ensure a predictable and inflation-adjusted level of spending for programs and activities.

Notes to Financial Statements
December 31, 2016 and 2015
Sea Turtle Conservancy, Inc.

NOTE 1 – Summary of Significant Accounting Policies (continued)

Investments (concluded)

The Corporation seeks to achieve a long-term average annual rate of return between 8% and 9%, an amount sufficient to provide for inflation and a 4% annual spending rule. Return is measured based on total return, which includes investment income (interest and dividends) and realized and unrealized appreciation. To achieve the above objectives, the Corporation will invest from 30% to 45% of its portfolio in equities and from 55% to 70% in fixed income securities. Investments should seek broad market diversification and flexible reallocation to reflect varying market conditions.

Land, Structures and Equipment

Land, structures and equipment over \$2,000 are valued at cost if purchased, or estimated fair value at the date of donation. Structures and equipment are depreciated using the straight-line method over estimated useful lives of 25 and 5 years, respectively.

Management reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is measured by comparing the carrying amount of the asset to the sum of expected future cash flows (undiscounted and without interest charges) resulting from use of the asset and its eventual disposition.

Agency Deposits

From time to time, the Corporation holds funds as an agent on behalf of organizations with a similar mission. The other organizations approve the use of the funds. When funds are used to pay for the Corporation's programs, revenues are recognized to the extent that expenditures are incurred, and the liability is reduced. If funds are used to support programs provided by other entities, the liability is reduced with no recognition of revenues or expenses.

Net Assets

The Corporation's net assets, the excess of assets over liabilities, are reported in three mutually exclusive classes:

Permanently Restricted - Those net assets resulting from inflows of assets whose use is limited by donor-imposed restrictions which do not expire by passage of time or cannot be fulfilled by actions of the Corporation.

Temporarily Restricted - Those net assets resulting from inflows of assets whose use is limited by donor-imposed restrictions, which expire by passage of time or are fulfilled by actions of the Corporation.

Unrestricted - Those net assets that are neither permanently or temporarily restricted.

Endowment Funds

Generally accepted accounting principles define an endowment fund as an established fund of cash, securities or other assets to provide income for the maintenance of a not-for-profit organization (NPO). The use of the assets of the fund may be permanently or temporarily restricted based on 1) the presence or absence of donor restrictions, or 2) the provisions of state law. In addition, the Board of a NPO may earmark a portion of its unrestricted net assets as a board-designated endowment to be invested to provide income for the NPO's operations and programs. The Corporation does not currently hold any board designated endowments.

Notes to Financial Statements
December 31, 2016 and 2015
Sea Turtle Conservancy, Inc.

NOTE 1 – Summary of Significant Accounting Policies (continued)

Endowment Funds (concluded)

The Corporation holds endowment assets in three funds. See Notes 6 and 7 for further information.

The donor to the Emily T. Clay Scientific Director Endowment provided clear direction on the use of endowed assets as more fully described in Note 6.

The General and Randgaard Endowments consist of contributions from a variety of donors who have provided no restrictions on the use of investment return. The Corporation annually appropriates for expenditure 4% of the average asset balance from the 12 previous quarters unless the appropriation would invade the principle of the funds.

The Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA), includes the following provision: *Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution.* The Corporation has interpreted FUPMIFA to require investment earnings in excess of the fair value of the original gift to be treated as temporarily restricted net assets until appropriated for expenditure by the Board of Directors.

Revenue Recognition

Contributions – Measurement. Contributions are measured at fair value at the date of donation.

Contributed Services and Facilities. Contributions of facilities, if any, are recorded at their estimated fair values on the date the contribution is received. Contributions of services are recognized when received if the services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Although the Corporation received significant contributions of time from its Board of Directors, none of these services were recorded since they did not meet the criteria for recognition.

Restricted Contributions. The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. However, donor-restricted contributions whose restrictions are met within the same reporting period are reported as unrestricted support. When a donor 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."

Cost Reimbursement Contracts. Certain government grants are structured as cost reimbursement contracts. The Corporation recognizes revenue when it incurs allowable costs. The Corporation reports unearned grant revenues to the extent that it receives funding before allowable costs are incurred. When the Corporation incurs costs before reimbursement is made, the Corporation records grants receivable.

Program Service Revenue. Program service revenues are earned and recognized at the time the service is rendered.

Investment Income and Gains. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met in the same reporting period.

Promises to Give

The Corporation provides grants to various organizations under the State of Florida Sea Turtle Grants Program and National Fish and Wildlife Lighting Grant. The contracts for these grants provide for an initial payment upon approval of the award and for subsequent payments after the Corporation receives agreed upon deliverables. These subsequent payments are considered conditional promises to give and are recorded when the deliverables are met.

Notes to Financial Statements

December 31, 2016 and 2015

Sea Turtle Conservancy, Inc.

NOTE 1 – Summary of Significant Accounting Policies (continued)

Expense Allocation

Expenses are allocated to the various functional categories based on the purpose achieved by each expenditure. Payroll expenses of employees whose time may benefit more than one activity are allocated based on percentage of time devoted to each function. Rent and utilities of the administrative offices in Gainesville, Florida, are allocated based on the percentage of time employees devote to each function.

Expense Classifications

Tortuguero Research and Conservation – Sea turtle research and conservation based in Tortuguero, Costa Rica. Emphasis is centered on the local populations of green and leatherback turtles. This includes tagging and educational activities, research grants, fellowships and other related expenses. Project also includes a research assistantship program that provides training to aspiring biologists, particularly from Latin America and the Caribbean.

Panama Research and Conservation – A collaborative sea turtle research and conservation initiative based at Bocas del Toro on Panama's north Caribbean coast. Modeled after STC's Tortuguero program, the purpose of the Panama project is to study, protect and recover local populations of leatherback and hawksbill turtles, both of which nest in globally significant numbers in the region. The project includes ongoing monitoring, protection and education activities at Chiriqui Beach, Playa Larga, Red Beach, Escudo de Veraguas, Soroopta and Colon.

International Programs – These programs protect sea turtles by expanding conservation, education and policy initiatives in a variety of activities throughout the world.

Lighting and Predation – Initially these programs were created in response to the Deepwater Horizon oil spill in the Gulf of Mexico. Funds have been used for sea turtle mitigation in three areas: Lighting, rehabilitation, and predation. Currently funding continues for mitigation in lighting and predation. Lighting grants replace problem fixtures on coastal properties with shielded amber LED lights that reduce disorientation for nesting turtles and hatchlings. Predation funds concentrate on reducing the incidence of predation of turtle eggs and hatchlings.

Florida Programs – Networking, education, advocacy and grants programs based in the United States to eliminate threats facing sea turtles and to preserve nesting and feeding habitats. These activities include close monitoring and shaping of policies at the local and state level impacting sea turtles and their habitats.

Barrier Island Center – The Barrier Island Center (BIC) is an educational center located in the heart of the Archie Carr Refuge (the Refuge) in Melbourne, Florida. The Refuge is a major nesting site for sea turtles. The BIC provides a focal point for the Refuge and the associated barrier island by providing exhibit space, a presentation hall, and ongoing educational programs that promote stewardship of the area's fragile natural resources. Through a partnership with the Brevard County Environmentally Endangered Lands Program, STC oversees and conducts the educational programs offered at the BIC, and manages a small gift shop.

General and Administrative – All expenses required to conduct the affairs of the Corporation which are not allocable to other functional areas.

Development Expenses – Fund-raising and public relations efforts.

Costs of Sales – Includes acquisition costs of items sold and other direct costs of merchandise sales that are not program related as well as costs of direct donor benefits of special fund raising events, if any.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Actual results could vary from the estimates that were used.

Notes to Financial Statements
December 31, 2016 and 2015
Sea Turtle Conservancy, Inc.

NOTE 1 – Summary of Significant Accounting Policies (concluded)

Reclassifications

Some of the prior-year comparative information may have been reclassified to conform to the current year's presentation.

NOTE 2 – Receivables

Receivables consist of the following:

	<u>2016</u>	<u>2015</u>
Contributions	\$ 93,812	\$ 54,922
Cost Reimbursement Grants	238,987	155,388
Program Services Contract	--	221,465
Other	928	2,570
Totals	<u>\$ 333,727</u>	<u>\$ 434,345</u>

NOTE 3 – Structures and Equipment

Structures and Equipment consists of the following:

	<u>2016</u>	<u>2015</u>
Structures	\$ 635,903	\$ 558,092
Equipment	332,389	333,756
Construction in Progress	--	5,475
Total	<u>968,292</u>	<u>897,323</u>
Accumulated Depreciation	<u>(722,993)</u>	<u>(710,994)</u>
Net	<u>\$ 245,299</u>	<u>\$ 186,329</u>

All of the structures and approximately 49% of the equipment are located in Costa Rica and 7% of the equipment is located in Panama.

NOTE 4 – Investments

The following provides a summary of amounts held in investment accounts:

	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
2016			
Brown Advisory	\$ 3,269	\$ --	\$ 3,269
Wells Fargo	745,312	87,510	832,822
Fidelity	128,570	903,303	1,031,873
Other	10,814	--	10,814
Totals	<u>\$ 887,965</u>	<u>\$ 990,813</u>	<u>\$ 1,878,778</u>
2015			
Brown Advisory	\$ 3,106	\$ --	\$ 3,106
Wells Fargo	632,644	119,282	751,926
Fidelity	130,590	998,183	1,128,773
Other	9,955	--	9,955
Totals	<u>\$ 776,295</u>	<u>\$ 1,117,465</u>	<u>\$ 1,893,760</u>

The cash is insured through the Securities Investor Protection Corporation.

Notes to Financial Statements
December 31, 2016 and 2015
Sea Turtle Conservancy, Inc.

NOTE 4 – Investments (concluded)

Investments are comprised of the following:

	<u>2016</u>	<u>2015</u>
Mutual Funds - Equity	\$ 3,269	\$ 3,106
Equity Securities	884,696	773,189
Total	<u>\$ 887,965</u>	<u>\$ 776,295</u>

Investment return consists of the following:

	<u>2016</u>	<u>2015</u>
Investment Income	\$ 25,442	\$ 22,740
Management and Investment Fees	(36,533)	(38,823)
Investment Income, Net of Fees	(11,091)	(16,083)
Net Investment Gains/(Losses)	95,739	49,748
Total	<u>\$ 84,648</u>	<u>\$ 33,665</u>

NOTE 5 – Deferred Revenue

The Corporation held \$246,134 and \$166,080 for direct costs for the lighting program which had not been expended as of December 31, 2016 and 2015, respectively. The revenue will be recognized as the funds are expended in future periods.

NOTE 6 – Donor-Imposed Restrictions

Temporarily restricted net assets consist of the following:

	<u>2016</u>	<u>2015</u>
Purpose Restrictions:		
Panama Research and Conservation	\$ 6,646	\$ 16,000
Tortuguero Programs	--	41,873
International Programs	39,265	21,489
Florida Programs	662,383	621,383
Time Restrictions:		
Endowment Surplus	2,129	1,226
Totals	<u>\$ 710,423</u>	<u>\$ 701,971</u>

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support:

	<u>2016</u>	<u>2015</u>
Unrestricted - General Endowment	\$ 630,556	\$ 625,106
Unrestricted - Lisa Jo Randgaard Endowment	53,396	71,781
Emily T. Clay Scientific Director Endowment	1,855,372	1,871,295
Total	<u>\$ 2,539,324</u>	<u>\$ 2,568,182</u>

The donor to the Emily T. Clay Scientific Director Endowment directed that \$100,000 per year be withdrawn from the investments of the fund to provide operating cash for the expenses of the scientific director position. Because of these restrictions, the Corporation accounts for all activity of the fund as changes in permanently restricted net assets.

Notes to Financial Statements
December 31, 2016 and 2015
Sea Turtle Conservancy, Inc.

NOTE 7 – Endowment Funds

Endowment funds are classified into the following net asset categories based on the presence or absence of donor-imposed restrictions:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Emily T. Clay Scientific Director	\$ --	\$ --	\$ 1,871,295	\$ 1,871,295
Lisa Jo Randgaard Fund	--	151	71,781	71,932
General	--	1,075	625,106	626,181
Totals	\$ --	\$ 1,226	\$ 2,568,182	\$ 2,569,408

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Emily T. Clay Scientific Director	\$ --	\$ --	\$ 1,855,372	\$ 1,855,372
Lisa Jo Randgaard Fund	--	174	53,396	53,570
General	--	1,955	630,556	632,511
Totals	\$ --	\$ 2,129	\$ 2,539,324	\$ 2,541,453

The changes in endowment fund balances by net asset class are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Balance – December 31, 2014	\$ --	\$ 475	\$ 2,628,233	\$ 2,628,708
Interest on Deposits	--	42	--	42
Investment Income (net of expenses)	--	1,156	(16,363)	(15,207)
Net Gain/(Loss)	--	(447)	49,710	49,263
Contributions	--	--	6,602	6,602
Spending Appropriation	--	--	(100,000)	(100,000)
Balance – December 31, 2015	\$ --	\$ 1,226	\$ 2,568,182	\$ 2,569,408
Interest on Deposits	--	23	--	23
Investment Income (net of expenses)	--	880	(11,348)	(10,468)
Net Gain/(Loss)	--	--	95,425	95,425
Contributions	--	--	22,065	22,065
Spending Appropriation	--	--	(135,000)	(135,000)
Balance – December 31, 2016	\$ --	\$ 2,129	\$ 2,539,324	\$ 2,541,453

NOTE 8 – Leases

In June 2011, the Corporation entered into a three-year lease for its office in San Jose, Costa Rica. The monthly rent is 350,000 colones per month with a 15 percent increase each year. Colones is the national currency in Costa Rica and could be exchanged for US Dollars at a rate of 548 and 526 to one at December 31, 2016 and 2015, respectively. An addendum to the lease was signed in 2015, which extended the lease under the same terms until June 1, 2017. Total rent paid for 2016 and 2015 was approximately \$12,888 and \$12,187, respectively.

Notes to Financial Statements
December 31, 2016 and 2015
Sea Turtle Conservancy, Inc.

NOTE 8 – Leases (concluded)

Future minimum lease payments, calculated using the 2016 currency exchange rate, are \$6,420.

In addition, the Corporation leases office space in Gainesville, Florida. The lease agreement, which ended on December 31, 2013, was extended as a month-to-month lease. Rental payments were \$39,914 and \$38,324 per year for 2016 and 2015, respectively, and will continue until revised. In 2015, the Corporation leased office space in Panama as a month-to-month lease. Total rental payments were \$8,010 and \$7,560 per year for 2016 and 2015, respectively

NOTE 9 – Sea Turtle Grants Program

Section 320.08056(19), Florida Statutes, identifies the Corporation as the recipient of certain fees from the sale of the sea turtle specialty license plate. These fees are to be used to fund sea turtle research and education programs. Legislation states that an amount not to exceed 10% of total annual revenue from the sale of the plate may be used for marketing the sea turtle license plate and for administrative costs directly associated with the grants programs. The Corporation writes and publishes procedures for grant applications and appoints a technical advisory committee to award grants. The following table displays the activity of these funds:

	<u>Grants</u>	<u>Administration & Marketing</u>	<u>Total</u>
Balance, January 1, 2015	\$ 438,857	\$ 66,718	\$ 505,575
State Revenue	365,113	182,306	547,419
Interest Revenue	272	--	272
Expenses	--	(163,232)	(163,232)
Grants Awarded	(320,141)	--	(320,141)
Balance at December 31, 2015	\$ 484,101	\$ 85,792	\$ 569,893
State Revenue	354,052	176,777	530,829
Interest Revenue	272	--	272
Expenses	--	(212,973)	(212,973)
Grants Awarded	(325,716)	--	(325,716)
Balance at December 31, 2016	\$ 512,709	\$ 49,596	\$ 562,305

Revenues are reported as Temporarily Restricted Support from Governmental Grants and expenses are reported in the appropriate natural classifications under the Florida Programs. Ending balances are reported as Temporary Restricted Net Assets, Florida Programs.

NOTE 10 – Commitments

At December 31, 2016, the Corporation had signed sea turtle grants program contracts (see Note 9) committing to approximately \$138,784 that will be remitted as deliverables are met. In addition, at December 31, 2016, the Corporation committed to approximately \$35,186 of grants related to the Lighting, Rehabilitation and Predation programs. Commitments under both of these programs will be satisfied using temporarily restricted net assets or deferred revenue.

NOTE 11 – Defined Contribution Retirement Plan

The Corporation offers a defined contribution retirement plan to all employees who work at least 1,000 hours in a year. The plan operates under Section 403(b) of the Internal Revenue Code. The Corporation contributes 11% of an eligible employee's payroll with complete vesting after three years of service. Total net costs of \$57,207 and \$61,045 are included in payroll and personnel for 2016 and 2015, respectively.

Notes to Financial Statements
December 31, 2016 and 2015
Sea Turtle Conservancy, Inc.

NOTE 12 – Related Party Transaction

The Corporation incurred investment advisory fees of \$36,533 and \$38,823 for 2016 and 2015, respectively, to an organization managed and co-founded by a board member of which \$9,323 and \$9,403 was payable at December 31, 2016 and 2015, respectively.

NOTE 13 – Concentrations of Revenue Sources and Credit Risks

For the years ended December 31, 2016 and 2015, approximately 17% and 18%, respectively, of the Corporation's total support and revenue were provided by the State of Florida through the Sea Turtle Grant Program.

For the years ended December 31, 2016 and 2015, approximately 26% and 29%, respectively, of the Corporation's total support and revenue were provided by the National Fish and Wildlife Foundation.

For the year ended December 31, 2016 and 2015, approximately 9% and 14% of the Corporation's total support and revenue was provided by Minera Panama Agreement. The amount due on these contracts was \$0 and \$207,185 at December 31, 2016 and 2015, respectively.

Cash and Cash Equivalents include cash in federally insured banks and investments in money market funds. At December 31, 2016 and 2015, the Company had approximately \$1,433,936 and \$1,020,341, respectively, in excess of FDIC insured limits. The Company has not experienced any losses in such accounts.

NOTE 14 – Donated Services

The Corporation received 19,391 hours of volunteer services in 2016. At \$22.70 per hour, this amounts to \$440,176 of additional contributions and program service expenses. This hourly rate is the estimated value per hour of volunteer time for Florida as estimated by Independent Sector. For more information on the estimated value per hour, see http://www.independentsector.org/volunteer_time

NOTE 15 – Subsequent Events

The Corporation has evaluated events and transactions for potential recognition or disclosure through August 28, 2017, which is the date the financial statements were available to be issued.