

**CORAL RESTORATION FOUNDATION INC**

**FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

# CORAL RESTORATION FOUNDATION INC

## TABLE OF CONTENTS

<b>Independent Auditor's Report</b> .....	Page 1-3
<b>Financial Statements</b>	
Statements of Financial Position .....	4
Statements of Activities and Changes in Net Assets.....	5
Statements of Functional Expenses.....	6
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8-20
<b>Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b> .....	21-22
<b>Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance</b> .....	23-25
<b>Schedule of Expenditures of Federal Awards</b> .....	26
<b>Notes to Schedule of Expenditures of Federal Awards</b> .....	27
<b>Schedule of Findings and Questioned Costs</b> .....	28-29



## **Independent Auditor's Report**

**To the Board of Directors  
Coral Restoration Foundation Inc  
Key Largo, Florida**

### **Report on the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Coral Restoration Foundation Inc (the "Foundation"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Coral Restoration Foundation Inc as of December 31, 2022 and 2021, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 these 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 Foundation's ability to continue as a going concern within one year after the date of the financial statements are issued or 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 GAAS and *Government 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audits.
- 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 audits 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 Foundation'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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 audits, significant audit findings and certain internal control-related matters that we identified during the audits.

### **Other Matters**

#### ***Supplementary information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, on our consideration of Coral Restoration Foundation Inc's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Coral Restoration Foundation Inc's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Coral Restoration Foundation Inc's internal control over financial reporting and compliance.

Somerset CPAs PC

Indianapolis, Indiana  
September 28, 2023

**CORAL RESTORATION FOUNDATION INC**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 8,624,115	\$ 7,980,064
Receivables, net	838,786	745,331
Other current assets	251,093	167,251
Total Current Assets	<u>9,713,994</u>	<u>8,892,646</u>
Property and Equipment, net (Note 2)	<u>1,222,018</u>	<u>1,178,711</u>
Other Assets		
Deposits	1,060	1,060
Right of use assets - operating lease, net (Note 3)	166,560	-
Total Other Assets	<u>167,620</u>	<u>1,060</u>
Total Assets	<u>\$ 11,103,632</u>	<u>\$ 10,072,417</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 208,263	\$ 243,326
Accrued expenses	155,056	104,392
Refundable advances (Note 8)	1,074,377	1,088,462
Current maturities of note payable (Note 4)	25,503	250,478
Lease liability - operating lease, current portion (Note 3)	47,189	-
Total Current Liabilities	<u>1,510,388</u>	<u>1,686,658</u>
Long-term Liabilities		
Note payable (Note 4)	583,012	642,440
Lease liability - operating lease, less current portion (Note 3)	121,958	-
Total Long-term Liabilities	<u>704,970</u>	<u>642,440</u>
Total Liabilities	<u>2,215,358</u>	<u>2,329,098</u>
Net Assets		
Net assets without donor restrictions	8,685,274	7,008,319
Net assets with donor restrictions (Note 7)	203,000	735,000
Total Net Assets	<u>8,888,274</u>	<u>7,743,319</u>
Total Liabilities and Net Assets	<u>\$ 11,103,632</u>	<u>\$ 10,072,417</u>

See accompanying notes.

**CORAL RESTORATION FOUNDATION INC**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Years Ended December 31, 2022 and 2021**

	<b>2022</b>			<b>2021</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenue and Other Support						
Government grants (Note 8)	\$ 2,416,358	\$ -	\$ 2,416,358	\$ 2,240,204	\$ -	\$ 2,240,204
Other contributions	2,984,533	175,000	3,159,533	3,615,006	735,000	4,350,006
Special events, net (Note 6)	274,397	-	274,397	-	-	-
Merchandise sales	42,514	-	42,514	37,268	-	37,268
Other revenue	12,093	-	12,093	37,230	-	37,230
<b>Total Revenue and Other Support</b>	<b>5,729,895</b>	<b>175,000</b>	<b>5,904,895</b>	<b>5,929,708</b>	<b>735,000</b>	<b>6,664,708</b>
Net Assets Released from Restrictions						
Education programming, scholarships, grants, awards and administrative expenses (Note 7)	707,000	(707,000)	-	105,345	(105,345)	-
<b>Total Revenue, Support and Gains</b>	<b>6,436,895</b>	<b>(532,000)</b>	<b>5,904,895</b>	<b>6,035,053</b>	<b>629,655</b>	<b>6,664,708</b>
Expenses						
Program services	3,954,211	-	3,954,211	2,562,775	-	2,562,775
Management and general	509,840	-	509,840	406,072	-	406,072
Fundraising	295,889	-	295,889	234,148	-	234,148
<b>Total Expenses</b>	<b>4,759,940</b>	<b>-</b>	<b>4,759,940</b>	<b>3,202,995</b>	<b>-</b>	<b>3,202,995</b>
Net Increase (Decrease) in Net Assets	1,676,955	(532,000)	1,144,955	2,832,058	629,655	3,461,713
Net Assets, Beginning of Year	7,008,319	735,000	7,743,319	4,176,261	105,345	4,281,606
Net Assets, End of Year	<b>\$ 8,685,274</b>	<b>\$ 203,000</b>	<b>\$ 8,888,274</b>	<b>\$ 7,008,319</b>	<b>\$ 735,000</b>	<b>\$ 7,743,319</b>

See accompanying notes.

**CORAL RESTORATION FOUNDATION INC**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Years Ended December 31, 2022 and 2021**

	<b>2022</b>				<b>2021</b>			
	<b>Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	<b>Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and wages	\$ 1,548,030	\$ 288,658	\$ 215,315	\$ 2,052,003	\$ 1,191,140	\$ 223,073	\$ 156,365	\$ 1,570,578
Professional fees	963,499	50,406	29,284	1,043,189	689,106	57,191	31,452	777,749
Insurance	201,083	8,559	1,169	210,811	149,400	7,374	849	157,623
Supplies and equipment	132,828	29,313	-	162,141	84,347	15,316	-	99,663
Payroll taxes	89,273	20,654	14,642	124,569	69,759	15,746	11,385	96,890
Repairs and maintenance	113,910	3,854	1,560	119,324	83,806	5,206	840	89,852
Depreciation	98,658	6,342	669	105,669	79,973	6,553	1,128	87,654
Rent	41,193	9,089	-	50,282	55,454	9,005	2,088	66,547
Program event	479,096	-	-	479,096	65,240	-	-	65,240
Employee benefits	74,432	22,660	12,261	109,353	38,463	15,728	8,346	62,537
Office expenses	41,680	15,493	5,395	62,568	25,666	11,047	3,674	40,387
Marketing	11,095	9,013	60	20,168	14,720	23,694	1,307	39,721
Other operating expenses	21,571	10,433	11,405	43,409	4,771	7,579	15,564	27,914
Interest	-	24,324	-	24,324	-	-	-	-
Travel	132,519	10,699	4,039	147,257	5,995	8,560	1,021	15,576
Development and training	5,344	343	-	5,687	4,935	-	129	5,064
Donor meals and entertainment	-	-	90	90	-	-	-	-
<b>Total Functional Expenses</b>	<b>\$ 3,954,211</b>	<b>\$ 509,840</b>	<b>\$ 295,889</b>	<b>\$ 4,759,940</b>	<b>\$ 2,562,775</b>	<b>\$ 406,072</b>	<b>\$ 234,148</b>	<b>\$ 3,202,995</b>

See accompanying notes.



**CORAL RESTORATION FOUNDATION INC**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,144,955	\$ 3,461,713
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Lease expense adjustment, net	2,587	-
Depreciation	105,669	87,654
Gain on disposal of property and equipment	-	(3,000)
Gain on debt extinguishment	(227,127)	-
Changes in assets and liabilities:		
Receivables, net	(93,455)	(692,506)
Other current assets	(83,842)	(37,500)
Deposits	-	8,400
Accounts payable	(35,063)	114,723
Accrued expenses	50,664	(3,588)
Refundable advances	(14,085)	958,212
	<u>850,303</u>	<u>3,894,108</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property and equipment	(148,976)	(419,918)
Proceeds from sale of property and equipment	-	3,000
	<u>(148,976)</u>	<u>(416,918)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issuance of long-term debt	-	227,127
Principal payments on long-term debt	(57,276)	-
	<u>(57,276)</u>	<u>227,127</u>
Net cash provided by (used in) financing activities	<u>(57,276)</u>	<u>227,127</u>
Net Increase in Cash and Cash Equivalents	644,051	3,704,317
Cash, Beginning of Year	<u>7,980,064</u>	<u>4,275,747</u>
Cash, End of Year	<u>\$ 8,624,115</u>	<u>\$ 7,980,064</u>

See accompanying notes.

**CORAL RESTORATION FOUNDATION INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The Coral Restoration Foundation Inc (the "Foundation") was incorporated in the State of Florida in September 2000 and is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. The fundamental mission of the Foundation since its inception is to create offshore nurseries and restoration programs for threatened coral species. The Foundation has facilities in Key Largo, Key West, and Tavernier, Florida consisting of an administration and education facility, and warehouse.

**Programs**

The major program activities of the Foundation are as follows:

- Coral Restoration: Create offshore nurseries, maintain and outplant. Through this program, the Foundation is actively restoring coral reefs.
- Education: Educate individuals on how they can make a difference from anywhere in the world to better the oceans.
- Science: Develop new innovative techniques, monitor previously outplanted colonies and facilitate outside collaborations.
- Global: Advocate, promote, and provide resources for the global community of coral restoration implementation.

**Basis of Accounting and Presentation**

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CORAL RESTORATION FOUNDATION INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

*Revenues from Grants*

Foundation revenue from government grants and contracts were previously accounted for as exchange transactions since the arrangement with the customer benefited the general public, and revenue was recognized as expenses were incurred. However, under ASU 2018-08, revenue from government grants and contracts are considered contributions because the customer/donor does not receive commensurate value for the consideration received by the Foundation; rather, the purpose of these arrangements is for the benefit of the general public. Therefore, management concluded that the agreements are conditional due to rights of return/release and barriers to entitlement to funds.

Revenue is recognized when the condition is satisfied. Because the nature of conditions is either based on incurring qualifying expenses or satisfying a milestone or other deliverable, the pattern of revenue recognition remained consistent with previous years. The Foundation has elected the "simultaneous release" accounting policy option such that grants received and used within the same period are reported in net assets without donor restriction. The Foundation's costs incurred under its government grants and contracts are subject to audit by government agencies. Management believes that disallowance of costs, if any, would not be material to the financial position or changes in net assets of the Foundation. Therefore, under the prospective approach, there was no material change in the revenue recognition for government grants and contracts.

Under ASU 2018-08, a refundable advance is recorded when the Foundation receives assets (i.e. cash) in advance of the satisfaction of the conditions within these arrangements. As of December 31, 2022 and 2021, there was \$826,776 and \$972,962 in refundable advances recorded related to government grants and contracts.

*Contributions*

Unconditional donor promises to give cash and other assets are reported at fair value at the date that there is sufficient verifiable evidence documenting that a promise was made by the donor and received by the Foundation. The promises are reported as contributions with donor restrictions if received with donor stipulations that sufficiently limit the use of the donated assets.

The Foundation recognizes contributed professional services from third parties and contributed goods as revenue and as expense or assets, at fair value of those goods when services when received. The Foundation received \$0 for the years ended December 31, 2022 and 2021 of donated goods and services.

**CORAL RESTORATION FOUNDATION INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

*Revenue from Exchange Contracts*

The Foundation recognizes revenue when it satisfies a performance obligation by performing a service for a customer. The amount of revenue recognized reflects the consideration the Foundation expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Foundation combines it with other performance obligations until a distinct bundle of goods or services exists. Performance obligations are satisfied over time and the related revenue is recognized as services are rendered. Management expects that the period between when the transfer of services to their customer and when the customer pays for those services will be one year or less. Invoices resulting from contracts with customers are generally due within 30 days of the invoice date.

*Volunteer Services*

The Foundation benefits from the efforts of many volunteers. These in-kind contributions by volunteers are not recorded as revenue in the financial statements because they do not meet the requirements for recognition under U.S. generally accepted accounting principles.

**Paycheck Protection Program Loan**

The Foundation has applied for, and has received, funds of \$216,700 under the Paycheck Protection Program ("PPP") of the Coronavirus Aid, Relief and Economic Security (CARES) Act during the year ended December 31, 2020. The application for these funds requires the Foundation to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Foundation. This certification further requires the Foundation to take into account its current activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the Foundation. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Foundation having initially qualified for the loan and qualifying for the forgiveness of such loan based on the Foundation's adherence to the forgiveness criteria. The accounting for government assistance provided to a business depends on whether the government assistance is considered a loan, payment for goods or services, an income tax credit or a grant.

The Foundation has concluded that the PPP loan represents a government grant has elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, Revenue Recognition. Revenue is recognized when conditions are met, which include meeting full-time equivalent and salary reduction requirements and incurring eligible expenditures. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue. The Foundation recognized the full amount of the PPP loan as a federal grant during the year ended December 31, 2020.

**CORAL RESTORATION FOUNDATION INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Paycheck Protection Program Loan (Continued)**

Furthermore, the Foundation has applied for, and has received, funds of \$227,127 under a second round of the Paycheck Protection Program of the Coronavirus Aid, Relief and Economic Security Act during the year ended December 31, 2021. The Foundation has concluded that the PPP loan represents a government grant has elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, Revenue Recognition. Revenue is recognized when conditions are met, which include meeting full-time equivalent and salary reduction requirements and incurring eligible expenditures. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue. The Foundation has determined that such conditions were not satisfied during the year ended December 31, 2021 and as such classified the proceeds as a loan which matures February 2026. On February 24, 2022, the Foundation was legally released from its full obligation upon confirmation of forgiveness from the Small Business Administration.

**Leases**

The Foundation adopted Accounting Standards Codification Topic 842, Leases, under the modified retrospective transition approach effective January 1, 2022. The adoption of this standard required classification of leases as either finance leases or operating leases and resulted in the recognition of right-of-use assets and lease liabilities in the amount of \$203,268 on January 1, 2022. The adoption had no effect on net assets. Before the adoption of Topic 842, the Foundation accounted for leases under Topic 840, which required different accounting treatment based on classification between capital leases and operating leases.

The Foundation applies judgment in determining whether a contract contains a lease and whether a lease is classified as an operating lease or a finance lease. The Foundation determines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability and determining the appropriate discount rate.

The Foundation elected to utilize the transition package of practical expedients permitted within the new standard, which among other things, allows the Foundation to carryforward the historical lease classification.

The Foundation has made an accounting policy election not to recognize right-of-use assets and lease liabilities that arise from short-term leases for any class of underlying asset. Short-term leases have an initial term of 12 months or less with purchase options or extension options that are not reasonably certain to be exercised.

The Foundation has made an accounting policy election to use a risk-free discount rate for present value lease calculations when the rate implicit in the lease is not readily determinable.

**CORAL RESTORATION FOUNDATION INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (Continued)**

*Operating Leases*

Operating leases are included in right-of-use assets, and current portion of lease liability and noncurrent portion of lease liability, as appropriate. Right-of-use assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The right-of-use asset also includes any lease payments made and initial direct costs incurred at lease commencement and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

**Cash Flows**

For purposes of the Statements of Cash Flows, the Foundation considers all highly liquid instruments purchased within three months or less of an instrument's maturity date to be cash and cash equivalents.

**Grants, Contributions and Other Receivables, net**

Grants and contributions receivable, which represent unconditional promises to give, are recognized in the period received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected over periods in excess of one year are recorded at the net present value of their estimated cash flows beyond one year using a risk-adjusted rate of return appropriate for the expected term of the promise to give. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recorded when the conditions on which they depend are substantially met.

Other receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value.

The Foundation uses the allowance method to determine uncollectible, unconditional pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made. The Foundation has determined that any allowance would be immaterial.

**Property, Equipment, Leasehold Improvements and Depreciation**

Property, equipment and leasehold improvements are carried at cost and include expenditures for new additions and those which substantially increase the useful lives of existing assets. Depreciation has been provided on the straight-line method over the estimated service lives of the assets. Depreciable lives generally range from 3-20 years.

**CORAL RESTORATION FOUNDATION INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property, Equipment, Leasehold Improvements and Depreciation (Continued)**

Expenditures for normal repairs and maintenance are charged to operations as incurred. The cost of property or equipment retired or otherwise disposed of and the related accumulated depreciation are removed from the accounts in the year of disposal with the resulting gain or loss reflected in earnings.

The provision for depreciation amounted to \$105,669 and \$87,654 for the years ended December 31, 2022 and 2021, respectively.

**Net Assets**

The financial statements report amounts separately by class of net assets as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operation of the Foundation.

Net assets with donor restrictions - Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature; for example, restrictions that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature; for example, stipulating that resources be maintained in perpetuity. The donors of these assets permit the Foundation to use all of the income earned on related investments for general or specific purposes. More specifically, items included in fund balances with donor restrictions are gifts for which restrictions have not been met.

**Functional Allocation of Expenses**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

**Fair Value Measurements**

The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**Income Taxes**

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an other than private foundation.

**CORAL RESTORATION FOUNDATION INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes (Continued)**

Authoritative accounting standards require the Foundation to examine its tax positions for uncertain positions. Management is not aware of any tax positions that are more likely than not to change in the next 12 months or that would not sustain an examination by applicable taxing authorities. Although the Foundation has not incurred any interest and penalties associated with these positions, it is their policy to expense them in the Statements of Activities.

**Recent Accounting Pronouncements**

In June 2016, the FASB issued Accounting Standards Update 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", which introduces a forward-looking approach, based on expected losses, to estimate credit losses on certain types of financial instruments, including trade and other receivables. The estimate of expected credit losses will require entities to incorporate considerations of historical information, current information and reasonable and supportable forecasts. As a result, these changes may result in earlier recognition of credit losses. This accounting standards update also expands the disclosure requirements to enable users of financial statements to understand the entity's assumptions, models and methods for estimating expected credit losses. This guidance is effective for fiscal years beginning after December 15, 2022. The Foundation is currently evaluating the impact of this accounting standards update.

**Management Evaluation of Subsequent Events**

The Foundation has evaluated subsequent events through September 28, 2023, the date on which the financial statements were available to be issued.

**NOTE 2 - PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

Property, equipment and leasehold improvements are comprised of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Vehicles	\$ 402,989	\$ 386,999
Dive equipment	20,280	20,280
Office equipment	290,869	186,704
Buildings	464,320	435,500
Land	463,500	463,500
Accumulated depreciation	<u>(419,940)</u>	<u>(314,272)</u>
Property and Equipment, net	<u>\$ 1,222,018</u>	<u>\$ 1,178,711</u>



**CORAL RESTORATION FOUNDATION INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE 3 - LEASES**

The Foundation leases a boat slip under an agreement, executed in October 2020, which originally expired in April 2021. The lease has been extended through October 2023. The agreement requires monthly payments of \$500. The agreement does not include any renewal options.

The Foundation leases its education center under an agreement and an amendment, executed in October 2019, which expires in December 2023. The agreement requires monthly payments of \$2,000 at inception with annual 3% escalations. The agreement includes a renewal option, which allows the Foundation to extend the lease term for an additional four years.

The Foundation leases an office in Key West, Florida, under an agreement and executed in July 2022, which was originally set to expire in June 2023. The lease has been extended through June 2024. The agreement requires monthly payments of \$1,800 at inception, with \$2,000 monthly payments effective July 2023. The agreement does not include any renewal options.

Lease related costs recognized in the Statement of Operations for the year ended December 23, 2022, are as follows:

Operating lease cost	\$	38,849
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Other information related to leases as of and for the year ended December 31, 2022, is as follows:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating activities cash flows	\$	36,262
Right-of-use assets obtained in exchange for lease liabilities	\$	45,252
Weighted average remaining lease term		4.3 years
Weighted average discount rate		1.25%

**CORAL RESTORATION FOUNDATION INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 3 - LEASES (CONTINUED)**

Future expected lease payments on lease liabilities as of December 31, 2022, are as follows:

<u>Year Ending December</u>	<u>Operating Leases</u>
2023	\$ 49,025
2024	39,012
2025	27,823
2026	28,657
2027	29,517
	<hr/>
Total minimum lease payments	174,034
Less amounts representing interest	(4,887)
	<hr/>
Present value of lease liabilities	169,147
Less current portion	(47,189)
	<hr/>
Long-term portion	<u>\$ 121,958</u>

**NOTE 4 - NOTES PAYABLE**

Notes payable consists of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Building loan - due in 119 regular monthly installments of \$4,017, including interest at 3.75% and one balloon payment of \$404,392, due September 2031. Loan is secured by building and land. Subsequent to year end, the Foundation paid off the remaining balance of the loan in full.	\$ 608,515	\$ 665,791
Payroll Protection Program loan due in 50 monthly installments of principal and interest at 1.00%, due February 2026 if loan forgiveness is not obtained following the 10-month deferment period. During the current year end, the Foundation received full forgiveness of the loan.	<hr/> -	<hr/> 227,127
Less current maturities	<hr/> (25,503)	<hr/> (250,478)
Long-term notes payable	<u>\$ 583,012</u>	<u>\$ 642,440</u>

**CORAL RESTORATION FOUNDATION INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE 4 - NOTES PAYABLE (CONTINUED)**

Principal payments due on notes payable outstanding at December 31, 2022, are as follows:

<u>Year Ending December 31,</u>		
2023	\$	25,503
2024		25,361
2025		26,328
2026		27,333
2027		29,458
Thereafter		<u>474,532</u>
	<u>\$</u>	<u>608,515</u>

**NOTE 5 - RELATED PARTY TRANSACTIONS**

The Foundation received contributions, including cash and in-kind donations, from various members of the Board of Directors amounting to approximately \$69,800 and \$12,500 for the years ended December 31, 2022 and 2021, respectively.

**NOTE 6 - SPECIAL EVENTS**

Special fundraising programs include events such the annual Gala held by the Foundation to support the Foundation's work to restore coral reefs in the Florida Keys and throughout the Caribbean. These events also help increase awareness about the problems that oceans and reefs currently face. These events raised total gross revenues of \$381,843 in 2022. No annual Gala was held during 2021 due to the spread of the coronavirus.

**NOTE 7 - NET ASSETS**

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specific purpose:		
Restricted for educational programming, scholarships, grants, awards and administrative grants, awards and administrative expenses	<u>\$ 203,000</u>	<u>\$ 735,000</u>

**CORAL RESTORATION FOUNDATION INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE 7 - NET ASSETS (CONTINUED)**

Net assets were released from donor restrictions by incurring expenses and satisfying the restricted purpose, or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Purpose restrictions accomplished:		
Programming, grants, awards and administrative expenses	\$ 707,000	\$ 105,345

**NOTE 8 - SIGNIFICANT GRANT AGREEMENTS**

*National Oceanic and Atmospheric Administration*

In 2019, the Foundation received a government grant from the NOAA to outplant 84,225 corals from four threatened species on seven reefs across the Florida Reef Tract during the period of October 1, 2019 through September 30, 2022. The Foundation is to provide matching funds including in-kind contributions, of project-related costs from non-federal sources. For the years ended December 31, 2022 and 2021, the Foundation recognized approximately \$698,000 and \$1,116,000, respectively, in related revenues.

*Monroe County Tourist Development Council*

During 2022 and 2021, the Foundation was awarded various capital project grants from Monroe County Tourist Development Council (TDC). The Monroe County TDC agreed to provide funding to the Foundation to outplant two threatened species in reefs within specified state and federal waters off Monroe County, Florida. For the years ended December 31, 2022 and 2021, the Foundation recognized approximately \$444,000 and \$398,000, respectively, in related revenues.

*Cornelia T. Bailey Foundation*

During 2021, the Foundation was awarded a grant totaling \$1,000,000 from the Cornelia T. Bailey Foundation to support general operations which was recognized in related revenues. For the years ended December 31, 2022 and 2021, amounts restricted for the purposes under the grant totaled \$0 and \$500,000, respectively.

*The United Way of Collier and the Keys, Inc.*

In June 2022, the Foundation received a grant from The United Way of Collier and the Keys, Inc. to outplant and restore corals at the Carysfort North and South Reefs during the period of June 1, 2022 through June 30, 2026. For the years ended December 31, 2022 and 2021, the Foundation received refundable advances of \$755,218 and \$972,962, respectively, and amounts have been included in refundable advances on the Statements of Financial Position and will be recognized as revenues as work is performed.

**CORAL RESTORATION FOUNDATION INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE 8 - SIGNIFICANT GRANT AGREEMENTS (CONTINUED)**

*National Fish and Wildlife Foundation*

In March 2021, the Foundation received a project grant from National Fish and Wildlife Foundation (NFWF) to outplant and restore corals at the Eastern Dry Rocks Reef during the period of March 1, 2021 through March 2024. For the years ended December 31, 2022 and 2021, the Foundation received refundable advances of \$71,558 and \$0, respectively, and amounts have been included in refundable advances on the Statements of Financial Position and will be recognized as revenues as work is performed. For the years ended December 31, 2022 and 2021, the Foundation recognized approximately \$910,000 and \$0, respectively, in related revenues.

**NOTE 9 - CONCENTRATIONS**

*Credit risk*

The Foundation places its cash with primarily one financial institution. At times, such amounts may be in excess of the FDIC insured limit. The Foundation utilizes insured cash sweeps to minimize exposure related to this risk.

*Major Donors*

The Foundation had two major donors in 2022 and 2021 that accounted for approximately 27% and 31% of total revenues for the years ended December 31, 2022 and 2021, respectively.

*Receivables*

Two grantors comprised approximately 99% and 91% of receivables outstanding at December 31, 2022 and 2021, respectively.

*Business Concentration*

The Foundation relies upon the successful cultivation of live corals within its underwater nurseries to supply live corals to restore reefs. The Foundation's nurseries are located in close proximity to each other within the Florida Keys National Marine Sanctuary and are vulnerable to localized events which could damage or destroy them; i.e., hurricanes and other large storms, coral diseases and coral bleaching events arising from warming ocean waters, among others. It is reasonably possible that such adverse events could disrupt these nurseries and destroy live nursery corals, which could create near term severe impact to the Foundation's operations and financial condition, including preventing the Foundation from meeting donor contractual commitments.

**CORAL RESTORATION FOUNDATION INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**NOTE 10 - LIQUIDITY MANAGEMENT**

The Foundation is supported by contributions. Because contributions with donor restrictions requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities. As such, the Foundation's strategy is to structure its financial assets to be available to satisfy general operating expenses, current liabilities and other obligations as they come due. The following reflects the Foundation's assets as of December 31, 2022, reduced by amounts not available for general expenditures due to contractual or donor-imposed restrictions within one year.

Cash	\$ 8,624,115
Receivables	<u>838,786</u>
Financial assets as of December 31	9,462,901
Less amounts subject to donor restrictions	<u>(203,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 9,259,901</u></u>

**NOTE 11 - EFFECTS OF CURRENT ECONOMIC CONDITIONS ON CONTRIBUTIONS**

The Foundation depends heavily on contributions and grants for its public support. The ability of certain contributors and grantors of the Foundation to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions. While the Foundation's Board of Directors believes the Foundation has the resources to continue its programs, its ability to do so and the extent to which programs may be affected.



**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

**To the Board of Directors  
Coral Restoration Foundation Inc  
Key Largo, Florida**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of Coral Restoration Foundation Inc (the "Foundation"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2023.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sennelock CPAs PC

Indianapolis, Indiana  
September 28, 2023





**Independent Auditor's Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on Schedule of  
Expenditures of Federal Awards Required by the Uniform Guidance**

**To the Board of Directors  
Coral Restoration Foundation Inc  
Key Largo, Florida**

**Report on Compliance**

***Opinion on Compliance for Each Major Federal Program***

We have audited Coral Restoration Foundation Inc's (the "Foundation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal program for the year ended December 31, 2022. The Foundation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Foundation compliance with the types of compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the types of compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of the federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the types of compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on Internal Control Over Compliance***

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

We have audited the financial statements of the Foundation as of and for the year ended December 31, 2022, and have issued our report thereon dated September 28, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Somerset CPAs PC*

Indianapolis, Indiana  
September 28, 2023

**CORAL RESTORATION FOUNDATION INC**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2022**

<b>Federal Grantor/Pass-Through Grantor Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Agreement Number</b>	<b>Federal Expenditures</b>
<b>United States Department of Commerce</b>			
National Oceanic and Atmospheric Administration Habitat Conservation	11.463	NA19NMF4630260	\$ 336,071
National Oceanic and Atmospheric Administration Habitat Conservation	11.463	NA21NMF4630484	124,125
<u>Pass-through National Fish and Wildlife Foundation</u>			
Increasing Coral Nursery Capacity and Active Restoration of Reefs in the Florida Keys (FL)	11.482	NA18NOS4820181	48,430
<u>Pass-through National Marine Sanctuary Foundation</u>			
Restoration and Protecting U.S. Marine Habitats	11.463	22-02-J-444	89,991
Restoration and Monitoring	11.473	21-03-D-311	<u>861,932</u>
Total United States Department of Commerce			<u>1,460,549</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,460,549</u></u>

**CORAL RESTORATION FOUNDATION INC**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2022**

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Foundation under programs of the federal government for the year ended December 31, 2022. The information in the Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Although the Foundation is required to match certain grants, as defined by the grants, no such matching has been included as expenditures in the Schedule.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Foundation has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 3 - SUBRECIPIENTS, NONCASH ASSISTANCE AND FEDERAL INSURANCE**

The Foundation did not provide any federal funds to subrecipients nor did they receive any federal noncash assistance or insurance.

**CORAL RESTORATION FOUNDATION INC**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2022**

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**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                           yes      **X**   no
- Significant deficiency(ies) identified?                   yes      **X**   none reported

Noncompliance material to financial statements noted?

       yes      **X**   no

***Federal Awards***

Internal control over major federal programs:

- Material weakness(es) identified?                           yes      **X**   no
- Significant deficiency(ies) identified?                   yes      **X**   none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

       yes      **X**   no

Identification of major federal program(s):

11.473

Restoration and Monitoring

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

  **X**   yes           no

**CORAL RESTORATION FOUNDATION INC**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2022**

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**Section II - Financial Statement Findings**

There are no current findings in internal control over financial reporting required to be reported in accordance with *Government Auditing Standards*.

**Section III - Federal Award Findings and Questioned Costs**

There are no current year findings that were considered material instances of noncompliance in accordance with Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.