

Sea Turtle Conservancy, Inc.

Financial Statements And Independent Auditors' Reports

December 31, 2010 and 2009

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Serving the Nonprofit Community

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Sea Turtle Conservancy, Inc. (the Corporation) as of December 31, 2010 and 2009, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Corporation's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sea Turtle Conservancy, as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2011 on our consideration of the Corporation'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of state financial assistance is presented as required by Chapter 10.650, Rules of the Auditor General, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kattell and Company, P.L.

September 6, 2011
Gainesville, Florida

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

- Albert Einstein

Statements of Financial Position
December 31, 2010 and 2009
Sea Turtle Conservancy, Inc.

	<u>2010</u>	<u>2009</u>
Assets		
Cash	\$ 898,079	\$ 559,387
Advances	1,324	1,260
Receivables	130,381	123,434
Prepays and Deposits	9,119	9,969
Inventories	33,420	39,600
Assets Restricted to Long-Term Purposes:		
Cash	246,608	244,164
Investments	2,620,913	2,307,387
Structures and Equipment, Net	256,841	287,564
Land	20,300	20,300
Total Assets	\$ 4,216,985	\$ 3,593,065
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 29,975	\$ 38,448
Accrued Liabilities	55,344	50,702
Deferred Revenue – Oil Spill	14,896	--
Agency Deposits – Turtle Spotters	65,115	53,250
Total Liabilities	165,330	142,400
Net Assets:		
Unrestricted	443,936	283,081
Temporarily Restricted	748,843	620,399
Permanently Restricted	2,858,876	2,547,185
Total Net Assets	4,051,655	3,450,665
Total Liabilities and Net Assets	\$ 4,216,985	\$ 3,593,065

See accompanying notes.

Statement of Activities
For the Year Ended December 31, 2010
Sea Turtle Conservancy, Inc.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>Support</u>				
Government Grants	\$ 190,233	\$ 486,022	\$ --	\$ 676,255
Non-Government Grants	279,748	1,583,715	--	1,863,463
Contributions	211,187	--	1,000	212,187
Membership Dues	203,736	--	--	203,736
In-Kind Contributions	1,522	--	--	1,522
Net Assets Released from Restrictions:				
Donor Restriction Released	--	100,000	(100,000)	--
Purpose Restrictions Satisfied	<u>2,042,673</u>	<u>(2,042,673)</u>	<u>--</u>	<u>--</u>
Total Support	2,929,099	127,064	(99,000)	2,957,163
<u>Revenues</u>				
Program Revenues	227,946	--	--	227,946
Sales and Rentals	106,670	--	--	106,670
Interest on Deposits	4,570	1,380	--	5,950
Investment Income, Net of Fees	2,564	--	(8,938)	(6,374)
Royalties	357	--	--	357
Other	2,830	--	--	2,830
Special Events	<u>8,706</u>	<u>--</u>	<u>--</u>	<u>8,706</u>
Total Revenues	<u>353,643</u>	<u>1,380</u>	<u>(8,938)</u>	<u>346,085</u>
Total Support and Revenues	3,282,742	128,444	(107,938)	3,303,248
<u>Expenses</u>				
Program Services:				
Tortuguero Research and Conservation	566,891	--	--	566,891
Panama Research and Conservation	124,400	--	--	124,400
International Programs	92,892	--	--	92,892
Oil Spill Programs	1,323,521	--	--	1,323,521
Florida Programs	639,921	--	--	639,921
Barrier Island Center	133,723	--	--	133,723
Supporting Activities:				
General and Administrative	77,795	--	--	77,795
Development	135,621	--	--	135,621
Costs of Merchandise Sales	<u>25,832</u>	<u>--</u>	<u>--</u>	<u>25,832</u>
Total Expenses	<u>3,120,596</u>	<u>--</u>	<u>--</u>	<u>3,120,596</u>
Excess of Support and Revenues Over Expenses	162,146	128,444	(107,938)	182,652
Net Investment Gain/(Loss)	<u>(1,291)</u>	<u>--</u>	<u>419,629</u>	<u>418,338</u>
Change in Net Assets	160,855	128,444	311,691	600,990
Net Assets, January 1, 2010	<u>283,081</u>	<u>620,399</u>	<u>2,547,185</u>	<u>3,450,665</u>
Net Assets, December 31, 2010	<u>\$ 443,936</u>	<u>\$ 748,843</u>	<u>\$ 2,858,876</u>	<u>\$ 4,051,655</u>

See accompanying notes.

Statement of Activities
For the Year Ended December 31, 2009
Sea Turtle Conservancy, Inc.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>Support</u>				
Government Grants	\$ --	\$ 685,277	\$ --	\$ 685,277
Non-Government Grants	41,548	297,574	--	339,122
Contributions	125,100	40,656	500	166,256
Membership Dues	200,064	--	--	200,064
In-Kind Contributions	572	--	--	572
Net Assets Released from Restrictions:				
Donor Restriction Released	--	100,000	(100,000)	--
Purpose Restrictions Satisfied	<u>1,077,198</u>	<u>(1,077,198)</u>	<u>--</u>	<u>--</u>
Total Support	1,444,482	46,309	(99,500)	1,391,291
<u>Revenues</u>				
Program Revenues	184,324	--	--	184,324
Sales and Rentals	135,124	--	--	135,124
Interest on Deposits	5,834	--	--	5,834
Investment Income, Net of Fees	10,403	--	(9,262)	1,141
Royalties	492	--	--	492
Other	1,309	--	--	1,309
Special Events	<u>34,596</u>	<u>--</u>	<u>--</u>	<u>34,596</u>
Total Revenues	<u>372,082</u>	<u>--</u>	<u>(9,262)</u>	<u>362,820</u>
Total Support and Revenues	1,816,564	46,309	(108,762)	1,754,111
<u>Expenses</u>				
Program Services:				
Tortuguero Research and Conservation	476,471	--	--	476,471
Panama Research and Conservation	130,940	--	--	130,940
International Programs	119,400	--	--	119,400
Florida Programs	651,214	--	--	651,214
Barrier Island Center	159,461	--	--	159,461
Supporting Activities:				
General and Administrative	88,032	--	--	88,032
Development	182,912	--	--	182,912
Costs of Merchandise Sales	<u>30,090</u>	<u>--</u>	<u>--</u>	<u>30,090</u>
Total Expenses	<u>1,838,520</u>	<u>--</u>	<u>--</u>	<u>1,838,520</u>
Excess of Support and Revenues Over Expenses	(21,956)	46,309	(108,762)	(84,409)
Net Investment Gain/(Loss)	<u>(7,750)</u>	<u>--</u>	<u>603,965</u>	<u>596,215</u>
Change in Net Assets	(29,706)	46,309	495,203	511,806
Net Assets, January 1, 2009	<u>312,787</u>	<u>574,090</u>	<u>2,051,982</u>	<u>2,938,859</u>
Net Assets, December 31, 2009	<u>\$ 283,081</u>	<u>\$ 620,399</u>	<u>\$ 2,547,185</u>	<u>\$ 3,450,665</u>

See accompanying notes.

Statements of Cash Flows
For the Years Ended December 31, 2010 and 2009
Sea Turtle Conservancy, Inc.

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:		
Contributions, Grants, and Dues	\$2,947,694	\$ 1,454,106
Sales and Rentals	106,670	135,124
Program Revenues	255,831	172,628
Interest and Dividends Received	46,763	30,695
Royalties and Other	11,893	35,670
Expenditures	<u>(3,118,147)</u>	<u>(1,847,870)</u>
Net Cash Provided by Operating Activities	250,704	(19,647)
Cash Flows from Investing Activities:		
Investments Liquidated	612,000	107,188
Investments Purchased	(512,000)	--
Cash from Sale of Equipment	--	727
Purchase of Structures and Equipment	<u>(10,568)</u>	<u>(18,376)</u>
Net Cash Provided By Investing Activities	89,432	89,539
Cash Flows from Financing Activities:		
Contribution for Long Term Investment	<u>1,000</u>	<u>500</u>
Net Cash Provided By Financing Activities	1,000	500
Net Change in Cash and Equivalents	341,136	70,392
Cash, Beginning of Year	803,551	733,159
Cash, End of Year	<u>\$ 1,144,687</u>	<u>\$ 803,551</u>

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

Change in Net Assets	\$ 600,990	\$ 511,806
Adjustments:		
Depreciation	41,291	41,119
Investment Income Reinvestments	4,812	(10,815)
Contribution for Long Term Investment	(1,000)	(500)
Net (Gains) / Loss on Investments	(418,338)	(596,215)
Gain on Sale of Equipment	--	(727)
Change in:		
Advances	(64)	(760)
Receivables	(6,947)	63,887
Prepays & Deposits	850	726
Inventories	6,180	(2,428)
Accounts Payable	(9,597)	(16,128)
Accrued Liabilities	4,642	2,084
Agency Deposits	<u>27,885</u>	<u>(11,696)</u>
Net Cash Provided by Operating Activities	<u>\$ 250,704</u>	<u>\$ (19,647)</u>

Reconciliation to Cash Reported on the Statement of Financial Position

Cash	\$ 898,079	\$ 559,387
Assets Restricted to Long-Term Purposes – Cash	<u>246,608</u>	<u>244,164</u>
Total Cash – Statement of Cash Flows	<u>\$ 1,144,687</u>	<u>\$ 803,551</u>

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2010
Sea Turtle Conservancy, Inc.

	Program Services				
	Tortuguero Research and Conservation	Panama Research and Conservation	International Programs	Oil Spill Programs	Florida Programs
Advertising	\$ --	\$ --	\$ --	\$ --	\$ --
Communications	4,050	2,278	876	770	7,751
Cost of Items Sold	17,406	--	--	--	--
Depreciation	28,549	2,761	739	--	4,571
Donations	1,500	--	--	--	3,150
Equipment and Facilities Operations, Repairs and Maintenance, and Security	52,919	7,133	--	1,524	795
Food	49,814	13,331	2,160	--	--
Grants	1,200	--	3,800	1,010,998	289,161
Insurance	8,352	55	--	2,870	--
Legal and Professional	6,785	--	162	--	--
Materials and Supplies	27,676	3,509	1,199	94,093	9,128
Office Expenses	5,893	1,258	1,073	369	766
Payroll and Personnel	274,229	71,390	51,207	99,091	218,857
Postage and Freight	16,364	57	921	2,261	12,375
Printing and Publications	11,480	18	1,334	29,177	19,191
Rent and Facilities Use	8,857	1,952	1,934	1,805	6,869
Satellite Transmitter Airtime	--	2,394	3,974	--	1,651
Tagging Supplies and Payments	9,394	3,741	7,828	--	21,831
Technical Consultants	--	2,189	5,911	68,706	20,900
Training	800	3,919	--	--	--
Travel, Conferences, Meetings	28,562	8,314	9,245	11,288	21,096
Utilities	13,061	101	529	569	1,829
 Total Expenses Reported by Function on the Statement of Activities	 566,891	 124,400	 92,892	 1,323,521	 639,921
 Investment Fees – Reported Net of Investment Income	 --	 --	 --	 --	 --
 Total Expenses Reported by Function	 <u>\$ 566,891</u>	 <u>\$ 124,400</u>	 <u>\$ 92,892</u>	 <u>\$ 1,323,521</u>	 <u>\$ 639,921</u>

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		
\$ --	\$ --	\$ 44	\$ 502	\$ --	\$ 546	\$ 546	
1,026	16,751	2,182	4,196	164	6,542	23,293	
31,937	49,343	--	--	6,237	6,237	55,580	
1,088	37,708	693	2,890	--	3,583	41,291	
--	4,650	--	--	--	--	4,650	
--	62,371	464	387	144	995	63,366	
--	65,305	--	--	--	--	65,305	
--	1,305,159	--	--	--	--	1,305,159	
--	11,277	3,974	--	--	3,974	15,251	
--	6,947	15,050	--	--	15,050	21,997	
10,671	146,276	2,391	11,930	415	14,736	161,012	
2,715	12,074	1,647	7,104	1,340	10,091	22,165	
69,848	784,622	37,028	69,685	10,800	117,513	902,135	
1,070	33,048	2,688	12,998	4,204	19,890	52,938	
3,486	64,686	750	13,704	1,569	16,023	80,709	
2,845	24,262	3,886	3,263	343	7,492	31,754	
5,079	13,098	--	--	--	--	13,098	
44	42,838	--	--	--	--	42,838	
1,080	98,786	--	100	--	100	98,886	
--	4,719	--	--	--	--	4,719	
2,055	80,560	5,944	8,265	522	14,731	95,291	
779	16,868	1,054	597	94	1,745	18,613	
133,723	2,881,348	77,795	135,621	25,832	239,248	3,120,596	
--	--	42,375	--	--	42,375	42,375	
<u>\$ 133,723</u>	<u>\$ 2,881,348</u>	<u>\$ 120,170</u>	<u>\$ 135,621</u>	<u>\$ 25,832</u>	<u>\$ 281,623</u>	<u>\$ 3,162,971</u>	

Statement of Functional Expenses
For the Year Ended December 31, 2009
Sea Turtle Conservancy, Inc.

	Program Services			
	Tortuguero Research and Conservation	Panama Research and Conservation	International Programs	Florida Programs
Advertising	\$ --	\$ --	\$ --	\$ 3,568
Communications	3,976	2,180	1,136	9,190
Cost of Items Sold	20,060	--	--	--
Depreciation	27,752	2,723	739	5,263
Donations	43	--	--	1,000
Equipment and Facilities Operations, Repairs and Maintenance, and Security	26,730	7,961	150	755
Food	43,234	17,313	2,307	--
Grants	--	--	4,250	327,836
Insurance	7,414	--	--	--
Legal and Professional	3,577	--	148	188
Materials and Supplies	18,561	2,333	879	7,620
Miscellaneous	136	--	29	--
Office Expenses	7,259	2,268	76	135
Payroll and Personnel	247,737	74,585	82,898	252,708
Postage and Freight	11,416	206	2,169	8,634
Printing and Publications	2,710	93	2,519	4,596
Rent and Facilities Use	7,297	2,027	1,851	7,756
Satellite Transmitter Airtime	634	1,634	4,626	2,110
Tagging Supplies and Payments	11,307	5,410	2,107	9
Technical Consultants	--	3,104	5,385	--
Travel, Conferences, Meetings	25,859	9,012	7,699	18,033
Utilities	10,769	91	432	1,813
Total Expenses Reported by Function on the Statement of Activities	476,471	130,940	119,400	651,214
Investment Fees – Reported Net of Investment Income	--	--	--	--
Total Expenses Reported by Function	\$ 476,471	\$ 130,940	\$ 119,400	\$ 651,214

See accompanying notes.

Program Services		Supporting Activities				
Barrier Island Center	Total Program Services	General and Administrative	Development	Costs of Sales	Total Supporting Activities	Total Expenses
\$ --	\$ 3,568	\$ --	\$ --	\$ --	\$ --	\$ 3,568
1,014	17,496	2,272	4,179	113	6,564	24,060
35,967	56,027	--	--	8,146	8,146	64,173
687	37,164	817	3,138	--	3,955	41,119
--	1,043	--	--	--	--	1,043
14	35,610	251	381	122	754	36,364
--	62,854	--	--	--	--	62,854
--	332,086	--	--	--	--	332,086
--	7,414	3,699	--	--	3,699	11,113
--	3,913	15,000	--	--	15,000	18,913
11,780	41,173	2,205	12,017	473	14,695	55,868
--	165	--	--	--	--	165
2,548	12,286	2,210	9,628	849	12,687	24,973
84,485	742,413	51,247	92,286	11,935	155,468	897,881
1,522	23,947	1,407	20,723	4,002	26,132	50,079
7,338	17,256	927	13,765	3,971	18,663	35,919
2,839	21,770	3,550	3,330	361	7,241	29,011
1,899	10,903	--	--	--	--	10,903
5,869	24,702	--	--	--	--	24,702
--	8,489	--	320	--	320	8,809
2,825	63,428	3,608	22,363	34	26,005	89,433
674	13,779	839	782	84	1,705	15,484
159,461	1,537,486	88,032	182,912	30,090	301,034	1,838,520
--	--	34,535	--	--	34,535	34,535
<u>\$ 159,461</u>	<u>\$ 1,537,486</u>	<u>\$ 122,567</u>	<u>\$ 182,912</u>	<u>\$ 30,090</u>	<u>\$ 335,569</u>	<u>\$ 1,873,055</u>

Notes to Financial Statements
December 31, 2010 and 2009
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 changed its name from Caribbean Conservation Corporation, Inc. in June 2010. 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. The Corporation's Form 990, *Return of Organization Exempt from Income Taxes*, is subject to examination by the IRS, generally for four years after the date filed.

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 with original maturities of less than three months, if any.

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. There are no identifiable concentrations of credit risk related to these amounts. 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 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, 2010 and 2009
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 will be 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 65% to 75% of its portfolio in equities and from 25% to 35% 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 \$500 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 – Turtle Spotters

The Corporation holds funds as an agent on behalf of the Turtle Spotters Program, a local initiative in Tortuguero, Costa Rica. The Corporation receives funds from the sale of stickers to tourists by hotels. The stickers allow the tourists access to guided tours of turtle nesting activities. A committee of local representatives approves the use of the funds, which are used, in large part, to fund the Corporation's Turtle Spotter Coordination activities. However, funds may be used to pay for activities that are not provided by the Corporation. 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, but no revenue or expense is recognized.

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. (Florida has no specific law that governs the operations and maintenance of the Corporation's endowment funds.) 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 NPOs operations and programs. The Corporation does not currently hold any board designated endowments.

Notes to Financial Statements

December 31, 2010 and 2009

Sea Turtle Conservancy, Inc.

NOTE 1 – Summary of Significant Accounting Policies (continued)

Endowment Funds (concluded)

The Corporation's endowment assets are held in two funds. 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 Endowment consists of contributions from a variety of donors who have provided no restrictions on the use of endowment return. However, as discussed above under Investments, the Corporation annually appropriates for expenditure 4% of the average asset balance from the 12 previous quarters.

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, a Florida Program (see Note 7). The contracts for these grants provide for 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.

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.

Notes to Financial Statements
December 31, 2010 and 2009
Sea Turtle Conservancy, Inc.

NOTE 1 – Summary of Significant Accounting Policies (concluded)

Expense Classifications

Tortuguero Research and Conservation – Sea Turtle research and conservation based in Tortuguero, Costa Rica. Emphasis is centered on the local population of green turtles and leatherback turtles. This includes tagging and educational activities, research grants, fellowships and other related expenses.

Panama Research and Conservation - A collaborative sea turtle research and conservation initiative based at Chiriqui Beach on Panama's north Caribbean coast. Modeled after the Corporation'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 on Chiriqui Beach.

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

Oil Spill Programs - In response to the Deepwater Horizon oil spill in the Gulf of Mexico, many foundations, organizations and individuals provided funding to STC. A portion of these funds was used in the relocation of turtle eggs from Gulf shores to Florida's east coast beaches. The majority of the funds have been used for sea turtle mitigation focused in three areas; lighting, rehabilitation, and predation. Lighting grants replaced problem fixtures on coastal properties with amber LED lights that reduce disorientation for nesting turtles and hatchlings; rehabilitation grants provided funds for upgrading Florida's turtle facilities that handle sick and injured sea turtles; and predation funds concentrated 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.

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, a small research library 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, the Corporation manages 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.

Reclassifications

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

Notes to Financial Statements
December 31, 2010 and 2009
Sea Turtle Conservancy, Inc.

NOTE 2 – Receivables

Receivables consist of the following:

	<u>2010</u>	<u>2009</u>
Unrestricted Contributions	\$ 64,822	\$ 5,568
Grants	60,510	115,574
Other	<u>5,049</u>	<u>2,293</u>
Totals	<u>\$ 130,381</u>	<u>\$ 123,435</u>

NOTE 3 – Structures and Equipment

Structures and Equipment consists of the following:

	<u>2010</u>	<u>2009</u>
Structures	\$ 549,741	\$ 541,922
Equipment	<u>269,412</u>	<u>270,217</u>
Total	819,153	812,139
Accumulated Depreciation	<u>(562,312)</u>	<u>(524,575)</u>
Net	<u>\$ 256,841</u>	<u>\$ 287,564</u>

All of the structures and approximately 62% of the equipment are located in Costa Rica.

NOTE 4 – Investments

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

	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
2010			
Winslow Green Growth Fund	\$ 1,963	\$ --	\$ 1,963
Wells Fargo	516,630	43,581	560,211
Janney Montgomery Scott	--	371,946	371,946
Fidelity	<u>1,519,849</u>	<u>166,944</u>	<u>1,686,793</u>
Totals	<u>\$2,038,442</u>	<u>\$ 582,471</u>	<u>\$2,620,913</u>
2009			
Winslow Green Growth Fund	\$ 1,827	\$ --	\$ 1,827
Janney Montgomery Scott	370,265	544	370,809
Fidelity	<u>1,464,003</u>	<u>470,748</u>	<u>1,934,751</u>
Totals	<u>\$ 1,836,095</u>	<u>\$ 471,292</u>	<u>\$2,307,387</u>

Investments are comprised of the following:

	<u>2010</u>	<u>2009</u>
Certificates of Deposit	\$ --	\$ 370,265
Mutual Funds - Equity	1,963	2,371
Equity Securities	<u>2,036,479</u>	<u>1,463,459</u>
Total	<u>\$2,038,442</u>	<u>\$1,836,095</u>
		<u>5</u>

Notes to Financial Statements
December 31, 2010 and 2009
Sea Turtle Conservancy, Inc.

NOTE 4 – Investments (concluded)

Investment return consists of the following:

	<u>2010</u>	<u>2009</u>
Investment Income	\$ 36,001	\$ 35,676
Net Investment Gains/(Losses)	418,338	596,215
Management and Investment Fees	<u>(42,375)</u>	<u>(34,535)</u>
Total	<u>\$ 411,964</u>	<u>\$ 597,356</u>

Investment return is reported in the statements of activities as follows:

	<u>2010</u>	<u>2009</u>
Investment Income	\$ (6,374)	\$ 1,141
Gains/(Losses)	<u>418,338</u>	<u>596,215</u>
Total	<u>\$ 411,964</u>	<u>\$ 597,356</u>

NOTE 5 – Leases

The Corporation entered into a lease beginning September 2003 for its office in San Jose, Costa Rica. Under the original lease, the monthly payments are 150,000 colones, the local currency in Costa Rica. The lease is for a three-year term with an optional three-year renewal and provides for a 15% increase each year of the lease. Total rent paid for 2010 and 2009 was approximately \$6,758 and \$6,680, respectively. The lease term expired in 2009, and the Corporation renewed it for 2010. Colones could be exchanged for dollars at a rate of 508 and 574 to 1 at December 31, 2010 and 2009, respectively. Future minimum lease payments, calculated using 2010 currency exchange rate, are as follows:

2011	\$ 7,164
2012	<u>8,239</u>
Total	<u>\$ 15,403</u>

In addition, the Corporation leases office space in Gainesville, Florida. Gainesville rental payments were \$20,692 each year for 2010 and 2009. Beginning January 1, 2007, the corporation entered into a twenty-four month lease agreement with monthly payments of \$1,304.50. On February 1, 2007, a second twenty-three month agreement was adopted for additional office space at the same location with a monthly payment amount of \$419.80. As of January 1, 2009, the Corporation lease is on a month-to-month basis.

NOTE 6 – Donor-Imposed Restrictions

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

	<u>2010</u>	<u>2009</u>
Unrestricted - General Endowment	\$ 623,107	\$ 622,107
Emily T. Clay Scientific Director Endowment	<u>2,235,769</u>	<u>1,925,078</u>
Total	<u>\$ 2,858,876</u>	<u>\$ 2,547,185</u>

The donor to the Emily T. Clay Scientific Director Endowment has specified the investments that the fund should hold and has specified the firm that should provide investment management services. In addition, the donor has 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, 2010 and 2009
Sea Turtle Conservancy, Inc.

NOTE 6 – Donor-Imposed Restrictions (concluded)

Temporarily restricted net assets consist of purpose or time restrictions for the following activities:

	<u>2010</u>	<u>2009</u>
Purpose Restrictions:		
Tortuguero Research and Conservation:		
Bay and Paul Foundation	\$ 11,015	\$ --
Oxford Society	--	2,176
Emily T. Clay Science Director Chair	--	1,045
Tourism Cares	1,743	--
International Programs:		
H. Clay Frick Foundation - Bermuda Project	16,127	11,987
Joshua B. Powers Research Fellows	7,658	11,421
Sun Hill Foundation	96	9,890
Barnes, Andrew & Marion	10,863	17,601
H. Clay Frick Foundation – Bermuda	--	3,755
Florida Programs:		
Sea Turtle Grants Program:		
Grants to other Organizations	441,713	439,411
Administrative and Marketing	22,564	29,578
Posters	--	26,908
Satellite Transmitters	3,220	--
E. O. Dunn Foundation	--	10,123
Martin Foundation, FTB	--	16,504
M & A Cestone Foundation	8,609	--
Oil Spill Mitigation Programs:		
Patagonia	9,328	--
National Resources Defense Council	225	--
National Fish and Wildlife Foundation	157,097	--
Body Shop Foundation	14,426	--
AWC Family Foundation	14,159	--
Time Restrictions:		
Cargill Foundation	<u>30,000</u>	<u>40,000</u>
Totals	<u>\$ 748,843</u>	<u>\$ 620,399</u>

Notes to Financial Statements
December 31, 2010 and 2009
Sea Turtle Conservancy, Inc.

NOTE 7 – 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 were to be used to fund sea turtle research and education programs in the following proportions: 75% for grants, 15% administration, and 10% marketing. New legislation, which took effect in July 2010, 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 chart displays the activity of these funds:

	<u>Grants</u>	<u>Administration & Marketing</u>	<u>Total</u>
Balance, January 1, 2009	\$ 444,409	\$ 65,286	\$ 509,695
State Revenue	378,084	126,028	504,112
Interest Revenue	4,372	--	4,372
Expenses	--	(162,753)	(162,753)
Grants Awarded	(387,454)	--	(387,454)
Balance at December 31, 2009	\$ 439,411	\$ 28,561	\$ 467,972
State Revenue	344,640	141,382	486,022
Interest Revenue	1,343	--	1,343
Expenses	--	(147,379)	(147,379)
Grants Awarded	(343,681)	--	(343,681)
Balance at December 31, 2010	\$ 441,713	\$ 22,564	\$ 464,277

Revenues are reported as Temporarily Restricted Support from Governmental Grants and expenses are reported in the appropriate natural classifications under the Florida Programs.

NOTE 8 - Commitments

At December 31, 2010, the Corporation had signed sea turtle grants program contracts (see Note 7) committing to approximately \$110,540 that will be remitted as deliverables are met. In addition, at December 31, 2010, the Corporation committed to approximately \$72,600 of grants related to the Deepwater Horizon oil spill mitigation programs. These commitments will be satisfied using temporarily restricted net assets.

NOTE 9 – Endowment Funds

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

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
2009			
Emily T. Clay Scientific Director Endowment	\$ --	\$ 1,925,078	\$ 1,925,078
General Endowment	(5,307)	622,107	616,800
Totals – December 31, 2009	\$ (5,307)	\$ 2,547,185	\$ 2,541,878
2010			
Emily T. Clay Scientific Director Endowment	\$ --	\$ 2,235,769	\$ 2,235,769
General Endowment	(2,589)	623,107	620,518
Totals – December 31, 2010	\$ (2,589)	\$ 2,858,876	\$ 2,856,287

Notes to Financial Statements
December 31, 2010 and 2009
Sea Turtle Conservancy, Inc.

NOTE 9 – Endowment Funds (concluded)

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

	Unrestricted	Permanently Restricted	Totals
Balance – December 31, 2008	\$ (9,381)	\$ 2,051,982	\$ 2,042,601
Interest on Deposits	1,421	--	1,421
Investment Income (net of expenses)	10,403	(9,262)	1,141
Net Gain/(Loss)	(7,750)	603,965	596,215
Contributions	--	500	500
Spending Appropriation	--	(100,000)	(100,000)
Balance – December 31, 2009	\$ (5,307)	\$ 2,547,185	\$ 2,541,878
Interest on Deposits	1,445	--	1,445
Investment Income (net of expenses)	2,564	(8,938)	(6,374)
Net Gain/(Loss)	(1,291)	419,629	418,338
Contributions	--	1,000	1,000
Spending Appropriation	--	(100,000)	(100,000)
Balance – December 31, 2010	\$ (2,589)	\$ 2,858,876	\$ 2,856,287

NOTE 10 – 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 \$44,612 and \$45,450 are included in payroll and personnel for 2010 and 2009, respectively.

NOTE 11 – Concentrations of Revenue Sources and Credit Risks

For the years ended December 31, 2010 and 2009, approximately 15% and 29%, respectively, of the Corporation's total support and revenue were provided by the State of Florida through the Sea Turtle Grant Program.

In 2010, the Corporation received a substantial grant through the National Fish and Wildlife Foundation for mitigation of the effects of the Deepwater Horizon oil spill. This grant accounted for approximately 48% of the Corporation's total support and revenue for the same period.

Cash and Cash Equivalents include cash in federally insured banks and investments in money market funds. At December 31, 2010 and 2009, the Company had approximately \$335,745 and \$25,746, respectively, in excess of FDIC insured limits. The Company has not experienced any losses in such accounts.

NOTE 12 – Related Party Transaction

The Corporation paid investment advisory fees of \$42,375 and \$34,535 for 2010 and 2009, respectively, to an organization managed and co-founded by a board member.

NOTE 13 – Subsequent Events

The Corporation has evaluated events and transactions for potential recognition or disclosure through September 6, 2011, which is the date the financial statements were available to be issued.

Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2010
Sea Turtle Conservancy, Inc.

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State CSFA Number</u>	<u>Agreement Number</u>	<u>Expenditures</u>
Department of Environmental Protection	37.070	CM010/CM114	\$ 22,588
Sea Turtle License Plate Project	76.070		<u>508,335</u>
Total Expenditures of State Financial Assistance			<u>\$ 530,923</u>

NOTE 1 – Basis of Presentation

Expenditures consist of allowable costs, determined in accordance with Florida Statute sections 320.08058 and 320.08056 and the Florida Compliance Supplement.

NOTE 2 – Subrecipients

Sea Turtle Conservancy, Inc. (the Corporation) has determined that it does not provide state financial assistance to subrecipients. The Corporation made this determination after considering the nature and terms of the contracts with its grant recipients and after consulting the “Florida Single Audit Act Checklist for Non-State Organizations – Recipient/Subrecipient Vs. Vendor Determination” checklist, produced by the Florida Department of Financial Services. Grant recipients are considered “vendors” because grants are based on the provision of deliverables as defined in the grant documents.

Kattell and Company, P.L.

Serving the Nonprofit Community

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

Board of Directors of
Sea Turtle Conservancy
Gainesville, Florida

We have audited the financial statements of Sea Turtle Conservancy, Inc. (the Corporation) as of and for the year ended December 31, 2010, and have issued our report thereon dated September 6, 2011. We conducted our audit in accordance with 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.

Internal Control over Financial Reporting

Management of the Corporation is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the Corporation's internal control as a basis for designing our auditing procedures 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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of 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*.

Concluding Remarks

This report is intended solely for the information and use of the Board of Directors and management of the Corporation, and state funding and regulatory agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Kattell and Company, P.L.

September 6, 2011
Gainesville, Florida

Kattell and Company, P.L.

Serving the Nonprofit Community

808-B NW 16th Avenue Gainesville, Florida 32601 TEL: 352-395-6565 FAX: 352-395-6636 www.kattell.com

Independent Auditors' Report On Compliance With Requirements Applicable To Each Major Award And On Internal Control Over Compliance In Accordance With The Rules Of The Auditor General Of The State Of Florida

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

Compliance

We have audited the compliance of Sea Turtle Conservancy, Inc. (the Corporation) with the types of compliance requirements described in the Department of Financial Services' State Projects Compliance Supplement that could have a direct and material affect on the Corporation's major State project for the year ended December 31, 2010. The Corporation's major State project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major State project is the responsibility of Corporation's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General. Those standards, and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a State project occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Corporation's compliance with those requirements.

In our opinion, the Corporation complied, in all material respects, with the requirements referred to above that are applicable to the major State project for the year ended December 31, 2010.

Internal Control over Compliance

The management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable State projects. In planning and performing our audit, we considered the Corporation's internal control over compliance with the requirements that could have a direct and material effect on a major state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's 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 state project on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, and State funding and regulatory agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Kattell and Company, P.L.

September 6, 2011
Gainesville, Florida

Schedule of Findings and Questioned Costs
Year Ended December 31, 2010
Sea Turtle Conservancy, Inc.

Section I – Summary of Auditors’ Results

Financial Statements

The auditors’ report expresses an unqualified opinion on the financial statements.

Internal control over financial reporting:

- Material weaknesses identified? NO
- Significant deficiencies identified? NO

Noncompliance material to financial statements noted? NO

State Awards

Internal control over the major project:

- Material weaknesses identified? NO
- Significant deficiencies identified? NO

The auditors’ report on compliance expresses an unqualified opinion for the major project.

Any audit findings disclosed that are required to be reported in accordance with Section 10.650, Rules of the Auditor General? NO

Identification of major state project.

CSFA Number
76.070

Sea Turtle License Plate Project

Other Disclosures

Dollar threshold used to distinguish between type A and type B programs: \$300,000

The Corporation qualifies as a low risk auditee.

Section II – Financial Statement Findings

There are no matters identified that are required to be reported.

Section III – Federal Award Findings and Questioned Costs

There are no matters identified that are required to be reported.

Section IV – Other Matter

1. A schedule of prior audit findings is not presented because there are no prior audit findings to be reported.
2. A management letter is not presented because there are no items related to State financial assistance required to be reported in the management letter.