

# Sea Turtle Conservancy, Inc.

## Financial Statements And Independent Auditors' Reports

December 31, 2012 and 2011

### CONTENTS

INDEPENDENT AUDITORS' REPORT	2
FINANCIAL STATEMENTS:	
Statements of Financial Position	4
Statements of Activities	5-6
Statements of Cash Flows	8
Statements of Functional Expenses	9-12
Notes to Financial Statements	13-21
SUPPLEMENTARY INFORMATION:	
Schedule of Expenditures of State Financial Assistance	22
ADDITIONAL REQUIRED ELEMENTS:	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters	23
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Award and on Internal Control over Compliance in Accordance with the Florida Single Audit Act	24-25
Schedule of Findings and Questioned Costs	26

*This page intentionally left blank.*

# Kattell and Company, P.L.

*Serving the Nonprofit Community*

808-B NW 16<sup>th</sup> Avenue

Gainesville, Florida 32601

TEL: 352-395-6565

FAX: 352-395-6636

www.kattell.com

## INDEPENDENT AUDITORS' REPORT

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

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Sea Turtle Conservancy, Inc. (the Corporation), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements.** Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility.**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion.** In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation, as of December 31, 2012 and 2011, 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.

**Other Matters – Other Information.** Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of State Financial Assistance, presented as required by the Florida Single Audit Act, is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Expenditures of State Financial Assistance 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 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 State Financial Assistance 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 July 24, 2013 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* in considering the Corporation's internal control over financial reporting and compliance.

*Kattell and Company, P.L.*

July 24, 2013

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

- Albert Einstein

*This page intentionally left blank.*

**Statements of Financial Position**  
**December 31, 2012 and 2011**  
**Sea Turtle Conservancy, Inc.**

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Cash	\$ 773,197	\$ 905,781
Advances	208	38
Receivables	150,135	160,990
Prepays and Deposits	10,215	16,271
Inventories	35,160	32,680
Assets Restricted to Long-Term Purposes:		
Cash	277,073	249,089
Investments	2,349,383	2,209,449
Structures and Equipment, Net	227,547	256,887
Land	20,300	20,300
<b>Total Assets</b>	<b>\$ 3,843,218</b>	<b>\$ 3,851,485</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts Payable	\$ 35,594	\$ 37,943
Accrued Liabilities	65,065	59,759
Agency Deposits	17,334	560
Total Liabilities	117,993	98,262
Net Assets:		
Unrestricted:		
Invested in Structures and Equipment	227,547	256,887
Other	261,634	315,063
Total Unrestricted	489,181	571,950
Temporarily Restricted	617,926	729,681
Permanently Restricted	2,618,118	2,451,592
Total Net Assets	3,725,225	3,753,223
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,843,218</b>	<b>\$ 3,851,485</b>

See accompanying notes.

**Statement of Activities**  
**For the Year Ended December 31, 2012**  
**Sea Turtle Conservancy, Inc.**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>Support</u>				
Government Grants	\$ 169,390	\$ 450,693	\$ --	\$ 620,083
Non-Government Grants	164,222	492,287	--	656,509
Contributions	217,254	--	27,594	244,848
Membership Dues	201,336	--	--	201,336
In-Kind Contributions	1,338	--	--	1,338
Net Assets Released from Restrictions:				
Donor Restriction Released	--	100,000	(100,000)	--
Purpose Restrictions Satisfied	<u>1,155,380</u>	<u>(1,155,380)</u>	<u>--</u>	<u>--</u>
<b>Total Support</b>	<b>1,908,920</b>	<b>(112,400)</b>	<b>(72,406)</b>	<b>1,724,114</b>
<u>Revenues</u>				
Program Revenues	172,469	--	--	172,469
Sales and Rentals	87,255	--	--	87,255
Interest on Deposits	659	645	15	1,319
Investment Income, Net of Fees	37	--	(2,285)	(2,248)
Royalties	43,898	--	--	43,898
Other	2,445	--	--	2,445
Special Events	<u>12,959</u>	<u>--</u>	<u>--</u>	<u>12,959</u>
<b>Total Revenues</b>	<b><u>319,722</u></b>	<b><u>645</u></b>	<b><u>(2,270)</u></b>	<b><u>318,097</u></b>
<b>Total Support and Revenues</b>	<b>2,228,642</b>	<b>(111,755)</b>	<b>(74,676)</b>	<b>2,042,211</b>
<u>Expenses</u>				
Program Services:				
Tortuguero Research and Conservation	483,300	--	--	483,300
Panama Research and Conservation	163,613	--	--	163,613
International Programs	133,252	--	--	133,252
Lighting, Rehabilitation, and Predation	378,257	--	--	378,257
Florida Programs	668,161	--	--	668,161
Barrier Island Center	165,572	--	--	165,572
Supporting Activities:				
General and Administrative	85,483	--	--	85,483
Development	207,670	--	--	207,670
Costs of Merchandise Sales	<u>26,973</u>	<u>--</u>	<u>--</u>	<u>26,973</u>
<b>Total Expenses</b>	<b><u>2,312,281</u></b>	<b><u>--</u></b>	<b><u>--</u></b>	<b><u>2,312,281</u></b>
Excess of Support and Revenues Over Expenses	(83,639)	(111,755)	(74,676)	(270,070)
Net Investment Gain/(Loss)	<u>870</u>	<u>--</u>	<u>241,202</u>	<u>242,072</u>
<b>Change in Net Assets</b>	<b>(82,769)</b>	<b>(111,755)</b>	<b>166,526</b>	<b>(27,998)</b>
<b>Net Assets, January 1, 2012</b>	<b><u>571,950</u></b>	<b><u>729,681</u></b>	<b><u>2,451,592</u></b>	<b><u>3,753,223</u></b>
<b>Net Assets, December 31, 2012</b>	<b><u>\$ 489,181</u></b>	<b><u>\$ 617,926</u></b>	<b><u>\$ 2,618,118</u></b>	<b><u>\$ 3,725,225</u></b>

See accompanying notes.

**Statement of Activities**  
**For the Year Ended December 31, 2011**  
**Sea Turtle Conservancy, Inc.**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>Support</u>				
Government Grants	\$ 171,467	\$ 483,500	\$ --	\$ 654,967
Non-Government Grants	167,978	768,623	--	936,601
Contributions	154,856	--	2,000	156,856
Membership Dues	222,830	--	--	222,830
In-Kind Contributions	2,339	--	--	2,339
Net Assets Released from Restrictions:				
Donor Restriction Released	--	100,000	(100,000)	--
Purpose Restrictions Satisfied	<u>1,372,360</u>	<u>(1,372,360)</u>	<u>--</u>	<u>--</u>
<b>Total Support</b>	<b>2,091,830</b>	<b>(20,237)</b>	<b>(98,000)</b>	<b>1,973,593</b>
<u>Revenues</u>				
Program Revenues	216,718	--	--	216,718
Sales and Rentals	95,774	--	--	95,774
Interest on Deposits	1,026	1,075	--	2,101
Investment Income, Net of Fees	162	--	(3,425)	(3,263)
Royalties	3,584	--	--	3,584
Other	3,835	--	--	3,835
Special Events	<u>11,597</u>	<u>--</u>	<u>--</u>	<u>11,597</u>
<b>Total Revenues</b>	<b><u>332,696</u></b>	<b><u>1,075</u></b>	<b><u>(3,425)</u></b>	<b><u>330,346</u></b>
<b>Total Support and Revenues</b>	<b>2,424,526</b>	<b>(19,162)</b>	<b>(101,425)</b>	<b>2,303,939</b>
<u>Expenses</u>				
Program Services:				
Tortuguero Research and Conservation	533,983	--	--	533,983
Panama Research and Conservation	133,627	--	--	133,627
International Programs	125,752	--	--	125,752
Lighting, Rehabilitation, and Predation	541,482	--	--	541,482
Florida Programs	571,510	--	--	571,510
Barrier Island Center	128,097	--	--	128,097
Supporting Activities:				
General and Administrative	73,860	--	--	73,860
Development	160,094	--	--	160,094
Costs of Merchandise Sales	<u>27,821</u>	<u>--</u>	<u>--</u>	<u>27,821</u>
<b>Total Expenses</b>	<b><u>2,296,226</u></b>	<b><u>--</u></b>	<b><u>--</u></b>	<b><u>2,296,226</u></b>
Excess of Support and Revenues Over Expenses	128,300	(19,162)	(101,425)	7,713
Net Investment Gain/(Loss)	<u>(286)</u>	<u>--</u>	<u>(305,859)</u>	<u>(306,145)</u>
<b>Change in Net Assets</b>	<b>128,014</b>	<b>(19,162)</b>	<b>(407,284)</b>	<b>(298,432)</b>
<b>Net Assets, January 1, 2011</b>	<b><u>443,936</u></b>	<b><u>748,843</u></b>	<b><u>2,858,876</u></b>	<b><u>4,051,655</u></b>
<b>Net Assets, December 31, 2011</b>	<b><u>\$ 571,950</u></b>	<b><u>\$ 729,681</u></b>	<b><u>\$ 2,451,592</u></b>	<b><u>\$ 3,753,223</u></b>

See accompanying notes.

*This page intentionally left blank.*

**Statements of Cash Flows**  
**For the Years Ended December 31, 2012 and 2011**  
**Sea Turtle Conservancy, Inc.**

	<b>2012</b>	<b>2011</b>
Cash Flows from Operating Activities:		
Contributions, Grants, and Dues	\$ 1,706,037	\$ 1,925,749
Sales and Rentals	87,255	95,774
Program Revenues	172,469	216,718
Interest and Dividends Received	39,283	44,836
Royalties and Other	59,302	19,016
Expenditures	<u>(2,289,150)</u>	<u>(2,359,510)</u>
<b>Net Cash Provided by Operating Activities</b>	<b>(224,804)</b>	<b>(57,417)</b>
Cash Flows from Investing Activities:		
Investments Liquidated	100,000	516,000
Investments Purchased	--	(416,000)
Purchase of Structures and Equipment	<u>(7,390)</u>	<u>(34,400)</u>
<b>Net Cash Provided By Investing Activities</b>	<b>92,610</b>	<b>65,600</b>
Cash Flows from Financing Activities:		
Contribution for Long Term Investment	<u>27,594</u>	<u>2,000</u>
<b>Net Cash Provided By Financing Activities</b>	<b>27,594</b>	<b>2,000</b>
<b>Net Change in Cash and Equivalents</b>	<b>(104,600)</b>	<b>10,183</b>
<b>Cash, Beginning of Year</b>	<b>1,154,870</b>	<b>1,144,687</b>
<b>Cash, End of Year</b>	<b><u>\$ 1,050,270</u></b>	<b><u>\$ 1,154,870</u></b>

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

Change in Net Assets	\$ (27,998)	\$ (298,432)
Adjustments:		
Depreciation	36,730	34,354
Investment Fees, Net of Income	2,138	5,319
Contribution for Long Term Investment	(27,594)	(2,000)
Net (Gains) / Loss on Investments	(242,072)	306,145
Change in:		
Advances	(170)	1,286
Receivables	10,855	(30,609)
Prepays & Deposits	6,056	(7,152)
Inventories	(2,480)	740
Accounts Payable	(2,349)	7,968
Accrued Liabilities	5,306	4,415
Deferred Revenue	--	(14,896)
Agency Deposits	<u>16,774</u>	<u>(64,555)</u>
<b>Net Cash Provided by Operating Activities</b>	<b><u>\$ (224,804)</u></b>	<b><u>\$ (57,417)</u></b>

**Reconciliation to Cash Reported on the Statements of Financial Position**

Cash	\$ 773,197	\$ 905,781
Assets Restricted to Long-Term Purposes – Cash	<u>277,073</u>	<u>249,089</u>
<b>Total Cash – Statements of Cash Flows</b>	<b><u>\$ 1,050,270</u></b>	<b><u>\$ 1,154,870</u></b>

See accompanying notes.

**Statement of Functional Expenses**  
**For the Year Ended December 31, 2012**  
**Sea Turtle Conservancy, Inc.**

	Program Services				
	Tortuguero Research and <u>Conservation</u>	Panama Research and <u>Conservation</u>	International <u>Programs</u>	Lighting, Rehabilitation and Predation <u>Programs</u>	Florida <u>Programs</u>
Communications	\$ 3,937	\$ 3,256	\$ 1,080	\$ 3,460	\$ 8,120
Cost of Items Sold	15,487	--	--	--	--
Depreciation	31,394	1,162	572	693	1,085
Donations	313	--	--	--	500
Equipment and Facilities Operations, Repairs and Maintenance, and Security	37,530	9,271	314	624	978
Food	50,536	15,271	1,608	--	--
Grants	--	--	--	224,310	279,589
Insurance	8,937	--	--	3,596	--
Legal and Professional	4,501	--	--	--	--
Materials and Supplies	14,159	6,298	1,280	824	15,719
Office Expenses	4,200	1,753	271	275	1,747
Payroll and Personnel	242,320	94,629	32,925	101,091	264,148
Postage and Freight	14,374	882	2,936	4,576	8,597
Printing and Publications	1,364	745	2,230	--	4,624
Rent and Facilities Use	10,096	2,212	1,859	5,227	11,622
Satellite Transmitter Airtime	840	833	4,334	--	3,871
Tagging Supplies and Payments	11,929	3,300	54,297	--	6,654
Technical Consultants	--	560	5,000	26,366	2,587
Training	329	4,616	--	--	--
Travel, Conferences, Meetings	21,319	18,706	23,113	6,203	55,792
Utilities	9,735	119	1,433	1,012	2,528
<b>Total Expenses Reported by Function on the Statement of Activities</b>	<b>483,300</b>	<b>163,613</b>	<b>133,252</b>	<b>378,257</b>	<b>668,161</b>
Investment Fees – Reported Net of Investment Income	--	--	--	--	--
<b>Total Expenses Reported by Function</b>	<b>\$ 483,300</b>	<b>\$ 163,613</b>	<b>\$ 133,252</b>	<b>\$ 378,257</b>	<b>\$ 668,161</b>

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
\$ 767	\$ 20,620	\$ 1,606	\$ 5,727	\$ 65	\$ 7,398	\$ 28,018
25,662	41,149	--	--	6,388	6,388	47,537
374	35,280	243	1,207	--	1,450	36,730
--	813	100	--	--	100	913
214	48,931	315	513	--	828	49,759
--	67,415	--	--	--	--	67,415
--	503,899	--	--	--	--	503,899
--	12,533	6,484	--	--	6,484	19,017
--	4,501	14,748	--	--	14,748	19,249
18,775	57,055	1,348	14,485	452	16,285	73,340
3,749	11,995	1,257	8,756	1,470	11,483	23,478
104,016	839,129	44,476	132,050	14,368	190,894	1,030,023
1,546	32,911	1,346	12,247	2,580	16,173	49,084
731	9,694	521	12,182	814	13,517	23,211
4,860	35,876	6,495	6,290	593	13,378	49,254
2,576	12,454	--	--	--	--	12,454
--	76,180	--	--	--	--	76,180
--	34,513	--	--	--	--	34,513
--	4,945	--	--	--	--	4,945
1,357	126,490	5,387	13,003	130	18,520	145,010
945	15,772	1,157	1,210	113	2,480	18,252
165,572	1,992,155	85,483	207,670	26,973	320,126	2,312,281
--	--	38,074	--	--	--	38,074
<u>\$ 165,572</u>	<u>\$ 1,992,155</u>	<u>\$ 123,557</u>	<u>\$ 207,670</u>	<u>\$ 26,973</u>	<u>\$ 320,126</u>	<u>\$ 2,350,355</u>

**Statement of Functional Expenses**  
**For the Year Ended December 31, 2011**  
**Sea Turtle Conservancy, Inc.**

	Program Services				
	Tortuguero Research and Conservation	Panama Research and Conservation	International Programs	Lighting, Rehabilitation and Predation Programs	Florida Programs
Communications	\$ 4,023	\$ 2,458	\$ 875	\$ 3,939	\$ 7,546
Cost of Items Sold	32,529	--	--	--	--
Depreciation	28,671	1,351	697	--	718
Donations	1,500	--	--	--	1,000
Equipment and Facilities Operations, Repairs and Maintenance, and Security	28,734	9,418	103	419	1,022
Food	42,182	16,149	2,159	--	--
Grants	--	--	4,500	309,849	253,150
Insurance	6,208	68	--	2,870	--
Legal and Professional	4,201	--	2,707	--	--
Materials and Supplies	23,592	3,842	347	3,668	18,322
Office Expenses	5,562	1,301	365	--	2,112
Payroll and Personnel	275,374	72,728	50,645	137,240	230,551
Postage and Freight	12,438	370	662	3,151	9,248
Printing and Publications	10,266	140	498	5,586	5,717
Rent and Facilities Use	9,910	1,900	2,036	4,472	8,418
Satellite Transmitter Airtime	1,044	1,997	3,913	--	2,071
Tagging Supplies and Payments	9,828	4,748	34,559	--	3,422
Technical Consultants	--	630	5,000	55,818	5,500
Training	--	124	--	--	--
Travel, Conferences, Meetings	27,988	16,346	16,148	13,278	20,502
Utilities	9,933	57	538	1,192	2,211
Total Expenses Reported by Function on the Statement of Activities	<u>533,983</u>	<u>133,627</u>	<u>125,752</u>	<u>541,482</u>	<u>571,510</u>
Investment Fees – Reported Net of Investment Income	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenses Reported by Function	<u>\$ 533,983</u>	<u>\$ 133,627</u>	<u>\$ 125,752</u>	<u>\$ 541,482</u>	<u>\$ 571,510</u>

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
\$ 964	\$ 19,805	\$ 1,569	\$ 3,678	\$ 277	\$ 5,524	\$ 25,329
27,829	60,358	--	--	7,102	7,102	67,460
374	31,811	289	2,254	--	2,543	34,354
--	2,500	--	--	--	--	2,500
77	39,773	416	394	57	867	40,640
--	60,490	--	--	--	--	60,490
--	567,499	--	--	--	--	567,499
--	9,146	5,357	--	--	5,357	14,503
--	6,908	14,016	--	--	14,016	20,924
14,836	64,607	1,288	20,828	430	22,546	87,153
3,217	12,557	842	9,035	1,234	11,111	23,668
71,019	837,557	36,091	82,137	14,808	133,036	970,593
1,453	27,322	1,164	9,558	2,403	13,125	40,447
1,047	23,254	264	12,907	108	13,279	36,533
2,583	29,319	4,186	3,198	541	7,925	37,244
656	9,681	--	--	--	--	9,681
--	52,557	--	--	--	--	52,557
--	66,948	--	--	--	--	66,948
--	124	--	--	--	--	124
3,351	97,613	7,321	15,274	724	23,319	120,932
691	14,622	1,057	831	137	2,025	16,647
128,097	2,034,451	73,860	160,094	27,821	261,775	2,296,226
--	--	38,622	--	--	38,622	38,622
<u>\$ 128,097</u>	<u>\$ 2,034,451</u>	<u>\$ 112,482</u>	<u>\$ 160,094</u>	<u>\$ 27,821</u>	<u>\$ 300,397</u>	<u>\$ 2,334,848</u>

## Notes to Financial Statements

December 31, 2012 and 2011

Sea Turtle Conservancy, Inc.

### **NOTE 1 – Summary of Significant Accounting Policies**

#### **Entity**

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

#### **Tax Status**

The Corporation is tax exempt under Section 501(c)(3) of the Internal Revenue Code and does not earn any unrelated business taxable income. Therefore, no provision for income taxes is reflected in the accompanying financial statements. In addition, The Corporation qualifies for the charitable contributions deduction and has been classified by the Internal Revenue Service as an organization that is not a private foundation. The Corporation holds no uncertain tax positions and, therefore, has no policy for evaluating them. The Corporation's Form 990, *Return of Organization Exempt from Income Taxes*, is subject to examination by the IRS, generally for three 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, merchandise for sale, and donor gifts, are stated at the lower of cost or market using the first-in, first-out (FIFO) method of determining cost.

#### **Investments**

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

The Corporation's investment objectives are to:

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

**Notes to Financial Statements**  
**December 31, 2012 and 2011**  
**Sea Turtle Conservancy, Inc.**

**NOTE 1 – Summary of Significant Accounting Policies (continued)**

**Investments (concluded)**

The Corporation seeks to achieve a long-term average annual rate of return between 8% and 9%, an amount sufficient to provide for inflation and a 4% annual spending rule. Return is measured based on total return, which includes investment income (interest and dividends) and realized and unrealized appreciation. To achieve the above objectives, the Corporation will invest from 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**

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

**Net Assets**

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

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

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

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

**Endowment Funds**

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

**Notes to Financial Statements**  
**December 31, 2012 and 2011**  
**Sea Turtle Conservancy, Inc.**

**NOTE 1 – Summary of Significant Accounting Policies (continued)**

**Endowment Funds (concluded)**

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

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

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

The Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA), which became effective July 1, 2012, includes the following provision: *Unless stated otherwise in the gift instrument, the assets in an endowment fund are donor-restricted assets until appropriated for expenditure by the institution.* The Corporation has interpreted FUPMIFA to require investment earnings in excess of the fair value of the original gift to be treated as temporarily restricted net assets until appropriated for expenditure by the Board of Directors.

**Revenue Recognition**

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

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

*Restricted Contributions.* The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. However, donor-restricted contributions whose restrictions are met within the same reporting period are reported as unrestricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions."

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

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

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

**Promises to Give**

The Corporation provides grants to various organizations under the State of Florida Sea Turtle Grants Program, a Florida Program (see Note 8). The contracts for these grants provide for an initial payment upon approval of the award and for subsequent payments after the Corporation receives agreed upon deliverables. These subsequent payments are considered conditional promises to give and are recorded when the deliverables are met.

## Notes to Financial Statements

December 31, 2012 and 2011

Sea Turtle Conservancy, Inc.

### **NOTE 1 – Summary of Significant Accounting Policies (continued)**

#### **Expense Allocation**

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

#### **Expense Classifications**

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

*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.

*Lighting, Rehabilitation, and Predation* - In response to the Deepwater Horizon oil spill in the Gulf of Mexico, many foundations, organizations and individuals provided funding to the Corporation. 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 replace problem fixtures on coastal properties with amber LED lights that reduce disorientation for nesting turtles and hatchlings; rehabilitation grants provide funds for upgrading Florida's turtle facilities that handle sick and injured sea turtles; and predation funds concentrate on reducing the incidence of predation of turtle eggs and hatchlings.

*Florida Programs* - Networking, education, advocacy and grants programs based in the United States to eliminate threats facing sea turtles and to preserve nesting and feeding habitats.

*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.

**Notes to Financial Statements**  
**December 31, 2012 and 2011**  
**Sea Turtle Conservancy, Inc.**

**NOTE 1 – Summary of Significant Accounting Policies (concluded)**

**Reclassifications**

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

**NOTE 2 – Receivables**

Receivables consist of the following:

	<u>2012</u>	<u>2011</u>
Contributions	\$ 121,582	\$ 98,251
Cost Reimbursement Grants	28,526	62,664
Other	<u>27</u>	<u>75</u>
<b>Totals</b>	<b><u>\$ 150,135</u></b>	<b><u>\$ 160,990</u></b>

**NOTE 3 – Structures and Equipment**

Structures and Equipment consists of the following:

	<u>2012</u>	<u>2011</u>
Structures	\$ 558,092	\$ 558,092
Equipment	<u>297,360</u>	<u>294,672</u>
Total	855,452	852,764
Accumulated Depreciation	<u>(627,905)</u>	<u>(595,877)</u>
<b>Net</b>	<b><u>\$ 227,547</u></b>	<b><u>\$ 256,887</u></b>

All of the structures and approximately 57% 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>
<b>2012</b>			
Winslow Green Growth Fund	\$ 1,958	\$ --	\$ 1,958
Janney Montgomery Scott	--	372,145	372,145
Wells Fargo	454,854	150,809	605,663
Fidelity	<u>1,144,321</u>	<u>225,296</u>	<u>1,369,617</u>
<b>Totals</b>	<b><u>\$ 1,601,133</u></b>	<b><u>\$ 748,250</u></b>	<b><u>\$ 2,349,383</u></b>
<b>2011</b>			
Winslow Green Growth Fund	\$ 1,677	\$ --	\$ 1,677
Janney Montgomery Scott	--	372,108	372,108
Wells Fargo	452,481	53,937	506,418
Fidelity	<u>991,254</u>	<u>337,992</u>	<u>1,329,246</u>
<b>Totals</b>	<b><u>\$ 1,445,412</u></b>	<b><u>\$ 764,037</u></b>	<b><u>\$ 2,209,449</u></b>

The cash amounts for Janney Montgomery Scott and Fidelity are invested in money market funds and the cash amount in Wells Fargo is FDIC insured.

**Notes to Financial Statements**  
**December 31, 2012 and 2011**  
**Sea Turtle Conservancy, Inc.**

**NOTE 4 – Investments (concluded)**

Investments are comprised of the following:

	<u>2012</u>	<u>2011</u>
Mutual Funds - Equity	\$ 1,958	\$ 1,677
Equity Securities	1,599,175	1,443,735
<b>Total</b>	<b><u>\$ 1,601,133</u></b>	<b><u>\$ 1,445,412</u></b>

Investment return consists of the following:

	<u>2012</u>	<u>2011</u>
Investment Income	\$ 35,826	\$ 35,359
Management and Investment Fees	(38,074)	(38,622)
Investment Income, Net of Fees	\$ (2,248)	\$ (3,263)
Net Investment Gains/(Losses)	242,072	(306,145)
<b>Total</b>	<b><u>\$ 239,824</u></b>	<b><u>\$ (309,408)</u></b>

**NOTE 5 – Leases**

In June 2011, the Corporation entered into a three-year lease for its office in San Jose, Costa Rica. The monthly rent is 350,000 colones per month with a 15 percent increase each year. Colones is the national currency in Costa Rica and could be exchanged for US Dollars at a rate of 510 and 502 to 1 at December 31, 2012 and 2011, respectively. Total rent paid for 2012 and 2011 was approximately \$9,178 and \$6,758, respectively. Future minimum lease payments, calculated using the 2012 currency exchange rate, are as follows:

2013	\$ 10,181
2014	<u>5,445</u>
<b>Total</b>	<b><u>\$ 15,626</u></b>

In addition, the Corporation leases office space in Gainesville, Florida. Rental payments were \$37,794 and \$26,175 for 2012 and 2011, respectively. In December 2011, the Corporation entered into a 25-month lease with payments of \$3,150 per month. Future minimum lease payments are \$37,800 for the year ending December 31, 2013.

**NOTE 6 – Donor-Imposed Restrictions**

Temporarily restricted net assets consist of the following:

	<u>2012</u>	<u>2011</u>
Purpose Restrictions:		
Panama Research and Conservation	\$ 9,357	\$ 10,572
International Programs	29,551	42,481
Lighting, Rehabilitation, and Predation	38,345	74,117
Florida Programs	540,673	582,511
Time Restrictions:		
Cargill Foundation	--	<u>20,000</u>
<b>Totals</b>	<b><u>\$ 617,926</u></b>	<b><u>\$ 729,681</u></b>

**Notes to Financial Statements**  
**December 31, 2012 and 2011**  
**Sea Turtle Conservancy, Inc.**

**NOTE 6 – Donor-Imposed Restrictions (concluded)**

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

	<u>2012</u>	<u>2011</u>
Unrestricted - General Endowment	\$ 625,106	\$ 625,106
Unrestricted - Lisa Jo Randgaard Endowment	27,609	--
Emily T. Clay Scientific Director Endowment	<u>1,965,403</u>	<u>1,826,486</u>
<b>Total</b>	<b><u>\$ 2,618,118</u></b>	<b><u>\$ 2,451,592</u></b>

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.

**NOTE 7 – Endowment Funds**

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

	Unrestricted	Permanently Restricted	Totals
<b>2011</b>			
Emily T. Clay Scientific Director	\$ --	\$ 1,826,486	\$ 1,826,486
General	<u>(2,233)</u>	<u>625,106</u>	<u>622,873</u>
<b>Totals</b>	<b><u>\$ (2,233)</u></b>	<b><u>\$ 2,451,592</u></b>	<b><u>\$ 2,449,359</u></b>
<b>2012</b>			
Emily T. Clay Scientific Director	\$ --	\$ 1,965,403	\$ 1,965,403
Lisa Jo Randgaard Fund	--	27,609	27,609
General	<u>(1,539)</u>	<u>625,106</u>	<u>623,567</u>
<b>Totals</b>	<b><u>\$ (1,539)</u></b>	<b><u>\$ 2,618,118</u></b>	<b><u>\$ 2,616,579</u></b>

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

	Unrestricted	Permanently Restricted	Totals
<b>Balance – December 31, 2010</b>	<b><u>\$ (2,589)</u></b>	<b><u>\$ 2,858,876</u></b>	<b><u>\$ 2,856,287</u></b>
Interest on Deposits	480	--	480
Investment Income (net of expenses)	162	(3,425)	(3,263)
Net Gain/(Loss)	(286)	(305,859)	(306,145)
Contributions	--	2,000	2,000
Spending Appropriation	<u>--</u>	<u>(100,000)</u>	<u>(100,000)</u>
<b>Balance – December 31, 2011</b>	<b><u>\$ (2,233)</u></b>	<b><u>\$ 2,451,592</u></b>	<b><u>\$ 2,449,359</u></b>
Interest on Deposits	376	15	391
Investment Income (net of expenses)	37	(2,285)	(2,248)
Net Gain/(Loss)	281	241,202	241,483
Contributions	--	27,594	27,594
Spending Appropriation	<u>--</u>	<u>(100,000)</u>	<u>(100,000)</u>
<b>Balance – December 31, 2012</b>	<b><u>\$ (1,539)</u></b>	<b><u>\$ 2,618,118</u></b>	<b><u>\$ 2,616,579</u></b>

**Notes to Financial Statements**  
**December 31, 2012 and 2011**  
**Sea Turtle Conservancy, Inc.**

**NOTE 8 – Sea Turtle Grants Program**

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

	<u>Grants</u>	<u>Administration &amp; Marketing</u>	<u>Total</u>
<b>Balance, January 1, 2011</b>	<b>\$ 441,713</b>	<b>\$ 22,564</b>	<b>\$ 464,277</b>
State Revenue	322,500	161,001	483,501
Interest Revenue	1,062	--	1,062
Expenses	--	(155,327)	(155,327)
Grants Awarded	(286,520)	--	(286,520)
<b>Balance at December 31, 2011</b>	<b>\$ 478,755</b>	<b>\$ 28,238</b>	<b>\$ 506,993</b>
State Revenue	317,983	158,742	476,725
Interest Revenue	639	--	639
Expenses	--	(134,136)	(134,136)
Grants Awarded	(360,609)	--	(360,609)
<b>Balance at December 31, 2012</b>	<b>\$ 436,768</b>	<b>\$ 52,844</b>	<b>\$ 489,612</b>

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

**NOTE 9 – Commitments**

At December 31, 2012, the Corporation had signed sea turtle grants program contracts (see Note 8) committing to approximately \$90,200 that will be remitted as deliverables are met. In addition, at December 31, 2012, the Corporation committed to approximately \$11,300 of grants related to the Deepwater Horizon oil spill mitigation programs. Commitments under both of these programs will be satisfied using temporarily restricted net assets.

**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 \$52,810 and \$44,556 are included in payroll and personnel for 2012 and 2011, respectively.

**NOTE 11 – Related Party Transaction**

The Corporation paid investment advisory fees of \$38,074 and \$38,622 for 2012 and 2011, respectively, to an organization managed and co-founded by a board member.

**Notes to Financial Statements**  
**December 31, 2012 and 2011**  
**Sea Turtle Conservancy, Inc.**

**NOTE 12 – Concentrations of Revenue Sources and Credit Risks**

For the years ended December 31, 2012 and 2011, approximately 23% and 21%, respectively, of the Corporation's total support and revenue were provided by the State of Florida through the Sea Turtle Grant Program.

For the years ended December 31, 2012 and 2011, approximately 17% and 21%, respectively, of the Corporation's total support and revenue were provided by the National Fish and Wildlife Foundation for mitigation of the effects of the Deepwater Horizon oil spill.

Cash and Cash Equivalents include cash in federally insured banks and investments in money market funds. At December 31, 2012 and 2011, the Company had approximately \$431,366 and \$639,683, respectively, in excess of FDIC insured limits. The Company has not experienced any losses in such accounts.

**NOTE 13 – Subsequent Events**

The Corporation has evaluated events and transactions for potential recognition or disclosure through July 24, 2013, 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, 2012**  
**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	CM214/CM302	\$ 8,202
Sea Turtle License Plate Project	76.070		<u>494,745</u>
<b>Total Expenditures of State Financial Assistance</b>			<b><u>\$ 502,947</u></b>

**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 (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*

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

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

Board of Directors of  
Sea Turtle Conservancy, Inc.  
Gainesville, 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 Sea Turtle Conservancy, Inc. (the Corporation) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Corporation's financial statements, and have issued our report thereon dated July 24, 2013.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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*.

### **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.

July 24, 2013  
Gainesville, Florida

*Kattell and Company, P.L.*

# Kattell and Company, P.L.

*Serving the Nonprofit Community*

---

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

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE FLORIDA SINGLE AUDIT ACT**

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

### **Report on Compliance for the Major State Project**

We have audited the compliance of Sea Turtle Conservancy, Inc. (the Corporation) with the types of compliance requirements described in the State Compliance Supplement that could have a direct and material effect on the Corporation's major state project for the year ended December 31, 2012. The Corporation's major state project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility.** Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

#### **Auditors' Responsibility.**

Our responsibility is to express an opinion on compliance for each of Corporation's major state projects based on our audit of the types of compliance requirements referred to above. 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 the Florida Single Audit Act. Those standards and the Florida Single Audit Act 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 major state project occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major state project. However, our audit does not provide a legal determination of Corporation's compliance.

**Opinion on Each Major State project.** In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended December 31, 2012.

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

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project 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 Corporation's internal control over compliance.

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

**Report on Internal Control Over Compliance (concluded)**

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. 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 state project 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

\* \* \* \* \*

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 State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

*Kattell and Company, P.L.*

July 24, 2013

**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2012**  
**Sea Turtle Conservancy, Inc.**

---

Section I – Summary of Auditors’ Results

---

**Financial Statements**

The auditors’ report expresses an unmodified opinion.

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

**State Awards**

Internal control over the major project:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

The auditors’ report on compliance expresses an unmodified 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

Name of State Project:  
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.