

**GUY HARVEY OCEAN FUND, INC.
D/B/A GUY HARVEY OCEAN FOUNDATION**

**Financial Statements
and Supplementary Financial Information**

**December 31, 2021
(With Independent Auditors' Report Thereon)**

**GUY HARVEY OCEAN FUND, INC.
D/B/A GUY HARVEY OCEAN FOUNDATION**

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 14
Supplementary Financial Information:	
Schedule of Expenditures of State Financial Assistance	15
Notes to Schedule of Expenditures of State Financial Assistance	16
Internal Control and Compliance:	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17 - 18
Independent Auditors' Report on Compliance for the Major State Project and on Internal Control Over Compliance Required by Chapter 10.650, <i>Rules of the Auditor General</i>	19 - 21
Schedule of Findings and Questioned Costs	22 - 24
Corrective Action Plan	25 - 26
Management Letter	27



Independent Auditors' Report

The Board of Directors
Guy Harvey Ocean Fund, Inc. d/b/a Guy Harvey Ocean Foundation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Guy Harvey Ocean Fund, Inc. d/b/a Guy Harvey Ocean Foundation (a nonprofit Organization) (the "Foundation"), which comprise the statement of financial position as of December 31, 2021 and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Guy Harvey Ocean Fund, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Chapter 10.650, *Rules of the Auditor General*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2023 on our consideration of Guy Harvey Ocean Fund, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

MAYER HOFFMAN McCANN P.C.

June 14, 2023
St. Petersburg, Florida

GUY HARVEY OCEAN FUND, INC.
D/B/A GUY HARVEY OCEAN FOUNDATION

Statement of Financial Position

December 31, 2021

Assets

Current assets:	
Cash and cash equivalents	\$ 2,390,447
Current portion of pledges receivable, net	531,847
Other current assets:	
Due from Guy Harvey, Inc.	363,434
Florida Lottery reimbursement receivable	153,578
Other	<u>290</u>
Total other current assets	<u>517,302</u>
Total current assets	3,439,596
Other assets:	
Noncurrent portion of pledges receivable, net	230,000
Intangible asset - video content copyright	108,000
Restricted - Florida Lottery bond	<u>10,000</u>
Total other assets	<u>348,000</u>
Total assets	\$ <u><u>3,787,596</u></u>

Liabilities and Net Assets

Liabilities:	
Current liabilities:	
Accounts payable and accrued expenses	\$ 244,818
Licensing fee payable to Guy Harvey, Inc.	300,000
Current portion of NSU pledges payable	<u>585,000</u>
Total current liabilities	1,129,818
Noncurrent portion of NSU pledges payable	<u>2,044,733</u>
Total liabilities	3,174,551
Net assets:	
With donor restrictions	931,847
Without donor restrictions	<u>(318,802)</u>
Total net assets	<u>613,045</u>
Total liabilities and net assets	\$ <u><u>3,787,596</u></u>

See accompanying independent auditors' report and notes to financial statements.

**GUY HARVEY OCEAN FUND, INC.
D/B/A GUY HARVEY OCEAN FOUNDATION**

Statement of Activities

Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 2,040,375	1,031,847	3,072,222
State grant - Protect Our Oceans License Plate	1,044,879	-	1,044,879
Royalties - SeaWorld	359,450	-	359,450
Fundraising event	208,787	-	208,787
Net assets released from restrictions	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>
Total support and revenue	3,753,491	931,847	4,685,338
Expenses:			
Program services	1,526,232	-	1,526,232
Supporting services:			
Management and general	803,752	-	803,752
Development	<u>264,879</u>	<u>-</u>	<u>264,879</u>
Total expenses	2,594,863	-	2,594,863
Other income:			
Other	<u>20,893</u>	<u>-</u>	<u>20,893</u>
Total other income	<u>20,893</u>	<u>-</u>	<u>20,893</u>
Change in net assets	1,179,521	931,847	2,111,368
Net deficit, beginning of year	<u>(1,498,323)</u>	<u>-</u>	<u>(1,498,323)</u>
Net assets (deficit), end of year	<u>\$ (318,802)</u>	<u>931,847</u>	<u>613,045</u>

**GUY HARVEY OCEAN FUND, INC.
D/B/A GUY HARVEY OCEAN FOUNDATION**

Statement of Functional Expenses

Year Ended December 31, 2021

	<u>Program Services</u>			<u>Supporting Services</u>			<u>Total Expenses</u>	
	<u>Education</u>	<u>Science and Research</u>	<u>Other</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Development</u>		<u>Total Supporting Services</u>
Grants and assistance	\$ 40,000	24,350	-	64,350	-	-	-	64,350
Personnel cost	13,814	41,739	19,614	75,167	318,948	20,287	339,235	414,402
Professional fees	20,334	-	-	20,334	130,683	20,333	151,016	171,350
Other contract services	227,266	7,361	7,485	242,112	110,231	15,960	126,191	368,303
Advertising and promotion	756	-	2,863	3,619	5,025	-	5,025	8,644
Office expense	8,045	-	1,887	9,932	68,849	570	69,419	79,351
Travel and meetings	4,254	411	20,055	24,720	53,217	8,238	61,455	86,175
Insurance	410	-	863	1,273	10,887	1,556	12,443	13,716
Licensing fees	75,000	135,577	-	210,577	75,000	75,000	150,000	360,577
Expeditions and research	-	280,122	-	280,122	-	-	-	280,122
Education	232,343	-	166,775	399,118	-	-	-	399,118
Magazine and content development	-	-	135,423	135,423	-	-	-	135,423
Other	30,900	28,585	-	59,485	30,912	122,935	153,847	213,332
	<u>\$ 653,122</u>	<u>518,145</u>	<u>354,965</u>	<u>1,526,232</u>	<u>803,752</u>	<u>264,879</u>	<u>1,068,631</u>	<u>2,594,863</u>

See accompanying independent auditors' report and notes to financial statements.

GUY HARVEY OCEAN FUND, INC.
D/B/A GUY HARVEY OCEAN FOUNDATION

Statement of Cash Flows

Year Ended December 31, 2021

Cash flows from operating activities:	
Change in net assets	\$ 2,111,368
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in operating assets and liabilities:	
Pledges receivable, net	(761,847)
Florida Lottery reimbursement receivable	(153,578)
Guy Harvey advances	29,481
Prepaid expenses	3,851
Other assets	(290)
Accounts payable and accrued expenses	223,265
Licensing fee payable	228,000
NSU pledges payable	<u>(374,350)</u>
Net cash provided by operating activities	<u>1,305,900</u>
Change in cash and cash equivalents	1,305,900
Cash and cash equivalents, beginning of year	<u>1,084,547</u>
Cash and cash equivalents, end of year	\$ <u><u>2,390,447</u></u>

GUY HARVEY OCEAN FUND, INC.
D/B/A GUY HARVEY OCEAN FOUNDATION

Notes to Financial Statements

December 31, 2021

(1) Description of the Foundation

Guy Harvey Ocean Fund, Inc. d/b/a Guy Harvey Ocean Foundation (the “Foundation” or “GHOF”) is a non-profit foundation incorporated in the State of Florida on January 15, 2008. The Foundation’s mission is to conduct scientific research and host educational programs aimed at conserving the marine environment. The GHOF will help ensure that future generations can enjoy and benefit from a naturally balanced ocean ecosystem.

(2) Summary of Significant Accounting Policies

(a) Financial Accounting Standards

The Financial Accounting Standards Board (“FASB”) issued authoritative guidance establishing two levels of U.S. generally accepted accounting principles (“GAAP”) - authoritative and nonauthoritative - and making the Accounting Standards Codification (“ASC”) the source of authoritative, nongovernmental GAAP, except for rules and interpretive releases of the Securities and Exchange Commission. The guidance is incorporated into ASC Topic 105, *Generally Accepted Accounting Principles*.

(b) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America which require that the Foundation report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions:* Net assets without donor restrictions are available for use at the discretion of the Foundation’s Board of Directors (the “Board”) and/or management for general operating purposes.
- *Net Assets With Donor Restrictions:* Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Foundation reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and are reported in the accompanying statement of activities as net assets released from restriction.

GUY HARVEY OCEAN FUND, INC.
D/B/A GUY HARVEY OCEAN FOUNDATION

Notes to Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(c) Contributions

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items such as incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Foundation's revenue is principally derived from contributions, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses, as well as donor contributions. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific grant provisions.

(d) Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

(e) Pledges Receivable

Pledges are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Pledges that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the pledges are recognized. All other donor-restricted pledges are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a time or purpose restriction has been satisfied, amounts previously received and recorded in net assets with donor restrictions are reclassified to net assets without donor restrictions.

(f) Income Taxes

Guy Harvey Ocean Fund, Inc. has been recognized by the Internal Revenue Service as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986. Income earned in furtherance of the Foundation's tax-exempt purpose is exempt from Federal and State income taxes. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. Guy Harvey Ocean Fund, Inc. has adopted the provisions of ASC Topic 740, *Income Taxes*, and does not believe it has any material income tax exposure relating to uncertain tax positions. The Foundation's income tax filings for periods after the fiscal year ended December 31, 2017 remain subject to examination.

(g) Use of Estimates

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

GUY HARVEY OCEAN FUND, INC.
D/B/A GUY HARVEY OCEAN FOUNDATION

Notes to Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(h) Functional Allocation of Expenses

The costs of providing the Foundation's various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Expenses directly attributable to a specific functional area of the Foundation are reported as direct expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the functional areas based on time spent by employees on each functional area.

(i) Recent Accounting Pronouncements

Accounting Standards Not Yet Adopted

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in ASC Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. In June 2020, the FASB issued ASU No. 2020-05, which deferred the effective date for all entities that have not yet adopted Topic 842 to annual reporting periods beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Foundation is currently evaluating the effect the provisions of ASU No. 2016-02 will have on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit entities. The ASU will require a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. The ASU will also require enhanced disclosure, including disaggregation of nonfinancial assets recognized by category and qualitative information about each category. The amendments in this ASU will be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. The Foundation is currently evaluating the impact this ASU will have on its financial statements.

(j) Intangible Assets

Pursuant to the requirements of FASB ASC Topic 350, *Goodwill and Other Intangible Assets*, the Foundation does not amortize goodwill and other intangible assets with indefinite useful lives. FASB guidance requires that goodwill and other intangible assets with indefinite useful lives be reviewed for impairment annually, or when events or circumstances occur indicating that goodwill might be impaired, at an appropriate reporting unit level. Management believes that there has been no impairment in the carrying value of its intangible assets as of December 31, 2021.

GUY HARVEY OCEAN FUND, INC.
D/B/A GUY HARVEY OCEAN FOUNDATION

Notes to Financial Statements - Continued

(2) Summary of Significant Accounting Policies - Continued

(k) Related Party Transactions

The Foundation has significant related party transactions with Guy Harvey, Inc. (“GHI”). As of and for the year ended December 31, 2021, the Foundation received contributions from and had the following amounts due from and due to GHI:

Contribution revenue	\$	1,587,932
Due from GHI		363,434
Accounts payable		(223,606)
Due to GHI - licensing fee		(300,000)

(l) Going Concern Evaluation

On an annual basis, as required by ASC Topic 205, *Presentation of Financial Statements - Going Concern*, the Foundation performs an evaluation to determine whether there are conditions or events (known and reasonably knowable), considered in the aggregate, that raise substantial doubt about the Foundation’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

(m) Donor Advised Fund

In 2014, the Foundation established an endowed donor advised fund with the Community Foundation of Broward (CFB) with an initial contribution of \$25,000. Under the terms of the agreement with CFB, the Foundation has relinquished ownership of the amount contributed as well as subsequent contributions and earnings. CFB will invest the amounts held in the endowed donor advised fund and will make periodic distributions to fund contributions to charitable organizations that are recommended by the Foundation’s board of directors. As a result of relinquishing ownership of the fund assets, the amount held by CFB in the donor advised fund is not considered to be an asset of the Foundation. The reported value of the CFB donor advised fund was \$165,053 at December 31, 2021.

(n) Royalties - Revenue Recognition

Pursuant to a “Cooperation and Licensing” agreement entered into in 2016 by the Foundation, GHI and Sea World (as amended in 2021), the Foundation earns royalties upon the sale of certain licensed products using artwork licensed by GHI and the Foundation. The revenues from royalties are recognized in accordance with ASC Topic 606 which requires that revenue for a sales-based royalty be recognized upon the later of the actual sale of the licensed product or when the performance obligation to which some or all of the sales-based royalty has been allocated has been satisfied. The Foundation has concluded that royalties due each period correlate directly with the value to Sea World of the Foundation’s performance under the agreement. The Foundation believes all related performance obligations have been satisfied as of December 2021.

GUY HARVEY OCEAN FUND, INC.
D/B/A GUY HARVEY OCEAN FOUNDATION

Notes to Financial Statements - Continued

(3) Pledges Receivable

Pledges receivable at December 31, 2021 consist of the following:

Pledges receivable	\$ 762,381
Less unamortized discount	<u>(534)</u>
Pledges receivable, net	<u><u>\$ 761,847</u></u>
Amounts due in:	
Less than one year	\$ 532,381
One to five years	230,000
More than five years	<u>-</u>
	<u><u>\$ 762,381</u></u>

(4) Net Assets With Donor Restrictions

Net assets with donor restrictions are available for periods after December 31, 2021 and consist of the following:

Pledges receivable	\$ 761,847
Other contributions restricted for future periods	<u>170,000</u>
	<u><u>\$ 931,847</u></u>

(5) NSU Pledges Payable

Under two separate gift agreements dated in 2014 and 2018, the Foundation committed to funding programs and activities of Nova Southeastern University (“NSU”).

Under the 2014 gift agreement, the Foundation committed \$6 million to NSU with \$4 million designated to support the research and other activities of the NSU Guy Harvey Research Institute at NSU’s Oceanographic Center and \$2 million to establish an endowed scholarship fund as the “Guy Harvey Endowed Scholarship Fund” to provide scholarships to NSU undergraduate and graduate students who study or intend to study marine science.

Under the 2018 gift agreement, the Foundation committed \$850,000 to NSU to support faculty and graduate student research opportunities being conducted in the Eastern Tropical Pacific Seascape (“ETPS”) by the Guy Harvey Research Institute faculty in the NSU Halmos College of Natural Sciences and Oceanography. Research focuses on the ecology, migration patterns, and genetics of major gamefishes and sharks in the ETPS.

**GUY HARVEY OCEAN FUND, INC.
D/B/A GUY HARVEY OCEAN FOUNDATION**

Notes to Financial Statements - Continued

(5) NSU Pledges Payable - Continued

Future payments due under the gift agreements on an aggregate basis were as follows at December 31, 2021:

Year Ending December 31,	
2022	\$ 585,000
2023	605,000
2024	550,000
2025	694,801
2026	334,774
Thereafter	98,000
Gross payments due	2,867,575
Less unamortized discount	(237,842)
Net NSU pledges payable	2,629,733
Less current portion of NSU pledges payable	(585,000)
Noncurrent portion of NSU pledges payable	\$ 2,044,733

The Foundation used a discount rate of 3% to reflect the pledges payable at present value.

(6) Business and Credit Concentrations

The Foundation maintains depository accounts with what management believes to be high credit quality financial institutions. The total of these deposit balances exceeded federal deposit insurance limits by \$2,281,988 as of December 31, 2021.

(7) Employee Benefit Plan

The Foundation sponsors a 401(k) Savings Plan (the “Savings Plan”) whereby employees may voluntarily contribute a percentage of compensation. Effective February 1, 2020, the Foundation will make a Safe Harbor match on 100% of the first 3% of eligible employee compensation plus 50% of the next 2% of eligible employee compensation. The total employer Savings Plan matching contributions were approximately \$4,135 in 2021.

(8) Liquidity and Availability of Resources

The Foundation is supported by contributions with and without donor restrictions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Foundation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

GUY HARVEY OCEAN FUND, INC.
D/B/A GUY HARVEY OCEAN FOUNDATION

Notes to Financial Statements - Continued

(8) Liquidity and Availability of Resources - Continued

As of December 31, 2021, the Foundation's financial assets available to meet general expenditures within one year were as follows:

Financial assets:	
Cash and cash equivalents	\$ 2,390,447
Pledges receivable, net	761,847
Due from Guy Harvey, Inc.	363,434
Florida Lottery reimbursement receivable	<u>153,578</u>
 Total financial assets	 3,669,306
 Less amounts unavailable for general expenditure within one year due to:	
Long-term contributions receivable	<u>(230,000)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 \$ <u>3,439,306</u>

The Foundation regularly monitors liquidity to meet its operating needs and other contractual commitments. The Foundation has various sources of liquidity at its disposal including cash and cash equivalents.

(9) Subsequent Events

Management of the Foundation has evaluated subsequent events through June 14, 2023, the date the financial statements were available for issuance.

SUPPLEMENTARY FINANCIAL INFORMATION

**GUY HARVEY OCEAN FUND, INC.
D/B/A GUY HARVEY OCEAN FOUNDATION**

Schedule of Expenditures of State Financial Assistance

Year Ended December 31, 2021

<u>Grantor/Program Title</u>	<u>Contract/ Grant Number</u>	<u>State CSFA Number</u>	<u>Current Year Expenditures</u>
<i>Department of Highway Safety and Motor Vehicles</i>			
Protect Our Oceans License Plate	N/A	76.114	\$ <u>1,044,879</u>
Subtotal - Department of Highway Safety and Motor Vehicles			<u>1,044,879</u>
Total expenditures of state financial assistance			\$ <u><u>1,044,879</u></u>

**GUY HARVEY OCEAN FUND, INC.
D/B/A GUY HARVEY OCEAN FOUNDATION**

Notes to Schedule of Expenditures of State Financial Assistance

Year Ended December 31, 2021

(1) Basis of Presentation

The accompanying Schedule of Expenditures of State Financial Assistance (the Schedule) includes the activity of all state projects of Guy Harvey Ocean Fund, Inc. for the year ended December 31, 2021. All state projects passed through other government agencies are included in the accompanying schedule.

(2) Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of State Financial Assistance is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*.

(3) Subrecipients

The Foundation did not provide state financial assistance to any subrecipients during the year ended December 31, 2021.

INTERNAL CONTROL AND COMPLIANCE



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

The Board of Directors
Guy Harvey Ocean Fund, Inc. d/b/a Guy Harvey Ocean Foundation:

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 Guy Harvey Ocean Fund, Inc. (the "Foundation"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2021, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 14, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and question costs as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Guy Harvey Ocean Fund, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Guy Harvey Ocean Fund, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Guy Harvey Ocean Fund, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

MAYER HOFFMAN MCCANN P.C.

June 14, 2023
St. Petersburg, Florida



**Independent Auditors’ Report on Compliance for the Major State Project
and on Internal Control Over Compliance Required by Chapter 10.650,
Rules of the Auditor General**

The Board of Directors
Guy Harvey Ocean Fund, Inc. d/b/a Guy Harvey Ocean Foundation:

Report on Compliance for Major State Project

Opinion on Major State Project

We have audited Guy Harvey Ocean Fund, Inc. d/b/a Guy Harvey Ocean Foundation’s (the “Foundation”) compliance with the types of compliance requirements identified as subject to audit in the *Department of Financial Services’ State Projects Compliance Supplement* that could have a direct and material effect on the Foundation’s major state project for the year ended December 31, 2021. The Foundation’s major state project is identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state project.

Basis for Opinion on Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (“GAAS”); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Chapter 10.650, *Rules of the Auditor General*. Our responsibilities under those standards and Chapter 10.650, *Rules of the Auditor General* are further described in the Auditors’ Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major state project. Our audit does not provide a legal determination of the Foundation’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether to do with fraud or error, and express an opinion on the Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and Chapter 10.650, *Rules of the Auditor General* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of the major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Rules of the Auditor General and which is described in the accompanying schedule of findings and questions costs as item 2021-002. Our opinion on the major state project is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Guy Harvey Ocean Fund, Inc.'s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Guy Harvey Ocean Fund, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-003 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on Guy Harvey Ocean Fund, Inc.'s response to the internal control over compliance finding identified in our Compliance audit described in the accompanying schedule of findings and questioned costs. Guy Harvey Ocean Fund, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

MAYER HOFFMAN MCCANN P.C.

June 14, 2023
St. Petersburg, Florida

GUY HARVEY OCEAN FUND, INC.
D/B/A GUY HARVEY OCEAN FOUNDATION

Schedule of Findings and Questioned Costs

Year Ended December 31, 2021

(A) Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on Guy Harvey Ocean Fund, Inc.'s basic financial statements.
2. A material weakness was disclosed during the audit of the financial statements and is reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Guy Harvey Ocean Fund, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. An instance of noncompliance was identified during the audit of the major state project and is reported in the Independent Auditors' Report on Compliance for the Major State Project and on Internal Control Over Compliance Required by Chapter 10.650, *Rules of the Auditor General*.
5. A significant deficiency in internal control over compliance was disclosed during the audit of the major state project and is reported in the Independent Auditors' Report on Compliance for the Major State Project and on Internal Control Over Compliance Required by Chapter 10.650, *Rules of the Auditor General*.
6. The auditors' report on compliance for the major state project for Guy Harvey Ocean Fund, Inc. expresses an unmodified opinion.
7. Audit findings, if any, that are required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General* are reported in this schedule.
8. The project tested as a major state project was:
 - Protect Our Oceans License Plate - Department of Highway Safety and Motor Vehicles (CSFA No. 76.114)
9. The threshold for distinguishing Types A and B projects was \$313,464 for major state projects.

**GUY HARVEY OCEAN FUND, INC.
D/B/A GUY HARVEY OCEAN FOUNDATION**

Schedule of Findings and Questioned Costs - Continued

(B) Findings - Audit of Financial Statements

MATERIAL WEAKNESS

Item 2021-001 - *Financial Reporting and Account Reconciliations*

Condition: The Foundation's operations require accounting procedures and controls that are capable of properly recording financial transactions in a timely manner and in accordance with U.S. generally accepted accounting principles. Matters noted during the audit that are indications of improperly designed or functioning controls include various general ledger accounts not being fully reconciled as well as certain transactions not being timely recorded into the accounting system.

Criteria: Internal controls should be in place to provide reasonable assurance that the month-end and year-end reconciliations of general ledger accounts agree with supporting documentation and are reviewed in a timely manner. Non-routine transactions should be reviewed by a member of management with sufficient knowledge of the Foundation's operations to ensure assets are properly safeguarded and transactions are properly recorded.

Effect: Errors in internal financial statements and general ledger accounts may remain undetected without a reconciliation being prepared and reviewed in a timely manner.

Recommendation: The accounting function and related internal controls should be evaluated and improved to ensure: all transactions (including transactions with related parties) are approved in accordance with Foundation policies and procedures and are recorded in a timely manner; general ledger accounts are properly reconciled; transactions are recorded in accordance with U.S. generally accepted accounting principles; incompatible duties are segregated to the extent considered practical and that procedures are documented in sufficient detail to enable new employees to adhere to internal control policies and procedures.

Views of Responsible Officials and Planned Corrective Actions: Going forward, transactions and general ledger account reconciliations will be addressed in a timely manner and reviewed by Management via a monthly review.

(C) Findings and Questioned Costs - Major State Project

NONCOMPLIANCE

Item 2021-002

Condition: The Foundation is required to be in compliance with all grant requirements, including those relating to submission of required reports. We identified noncompliance with requirements relating to timely report submission.

Criteria: All requirements should be tracked and complied with in accordance with grant requirements.

**GUY HARVEY OCEAN FUND, INC.
D/B/A GUY HARVEY OCEAN FOUNDATION**

Schedule of Findings and Questioned Costs - Continued

(C) Findings and Questioned Costs - Major State Project - Continued

NONCOMPLIANCE - Continued

Item 2021-002 - Continued

Cause: Procedures to monitor reporting and other deadlines were not being effectively carried out.

Effect: Noncompliance with reporting requirements may result in proceeds being required to be reimbursed to the Department of Highway Safety and Motor Vehicles.

Recommendation: Management should implement procedures to ensure that all state and other grant reporting requirements are monitored and tracked on a continuous basis to ensure that reports and other documents are submitted on a timely basis in accordance with the terms of contracts, enacted laws and related regulations.

Views of Responsible Officials and Planned Corrective Actions: Going forward, all due dates will be tracked and reviewed by Management on a frequent basis, in order to ensure terms of the state grant are complied with.

SIGNIFICANT DEFICIENCY

Item 2021-003

Condition: The Foundation is required to submit (within 9 months after the end of the organization's fiscal year) an audit report in accordance with rules promulgated by the Auditor General.

Criteria: Internal controls should be in place, so submission deadlines are tracked and timely met.

Effect: Noncompliance with reporting requirements may result in proceeds being required to be reimbursed to the Department of Highway Safety and Motor Vehicles.

Recommendation: Management should implement procedures to ensure that all state and other grant reporting requirements are monitored and tracked on a continuous basis to ensure that reports and other documents are submitted on a timely basis in accordance with the terms of contracts, enacted laws and related regulations.

Views of Responsible Officials and Planned Corrective Actions: Going forward, all expenditures and due dates will be tracked and reviewed by Management, in order to ensure compliance is met.

(D) Other Issues

A summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to state projects.



**GUY HARVEY OCEAN FUND, INC.
D/B/A GUY HARVEY OCEAN FOUNDATION**

Corrective Action Plan

Year Ended December 31, 2021

Florida Department of Highway Safety and Motor Vehicles

Guy Harvey Ocean Fund, Inc. respectfully submits the following corrective action plan for the year ended December 31, 2021.

Name and address of independent public accounting firm:

Mayer Hoffman McCann P.C.
140 Fountain Parkway North, Suite 410
St. Petersburg, Florida 33716

The findings from the Schedule of Findings and Questioned Costs for the year ended December 31, 2021 are discussed below. The findings are numbered consistently with the number assigned in the Schedule.

FINDING - AUDIT OF FINANCIAL STATEMENTS

MATERIAL WEAKNESS

2021-001 - Financial Reporting and Account Reconciliations

Recommendation: The accounting function and related internal controls should be evaluated and improved to ensure: all transactions are approved in accordance with the Organization's policies and procedures and are recorded in a timely manner; general ledger accounts are fully reconciled; transactions are recorded in accordance with U.S. generally accepted accounting principles; incompatible duties are segregated to the extent considered practical and that procedures are documented in sufficient detail to enable new employees to adhere to internal control policies and procedures.

Planned Corrective Action: Going forward, transactions and general ledger account reconciliations will be addressed in a timely manner and reviewed by Management via a monthly review.



**GUY HARVEY OCEAN FUND, INC.
D/B/A GUY HARVEY OCEAN FOUNDATION**

Corrective Action Plan - Continued

FINDINGS - MAJOR STATE PROJECT COMPLIANCE AUDIT

NONCOMPLIANCE

2021-002

Recommendation: Management should implement procedures to ensure that all state and other grant reporting requirements are monitored and tracked on a continuous basis to ensure that reports and other documents are submitted on a timely basis in accordance with the terms of contracts, enacted laws and related regulations.

Planned Corrective Action: Going forward, all state grant requirements, including submission of reports, will be tracked by Management to ensure proper compliance.

SIGNIFICANT DEFICIENCY

2021-003

Recommendation: Management should implement procedures to ensure that all state and other grant reporting requirements are monitored and tracked on a continuous basis to ensure that reports and other documents are submitted on a timely basis in accordance with the terms of contracts, enacted laws and related regulations.

Planned Corrective Action: Going forward, all state grant requirements, including submission of reports, will be tracked by Management to ensure proper compliance.

If the Florida Department of Highway Safety and Motor Vehicles has questions regarding this plan, please contact Steve Roden, 330-441-1696.



Management Letter

The Board of Directors
Guy Harvey Ocean Fund, Inc. d/b/a Guy Harvey Ocean Foundation:

Report on Financial Statements

We have audited the financial statements of Guy Harvey Ocean Fund, Inc. d/b/a Guy Harvey Ocean Foundation as of and for the year ended December 31, 2021 and have issued our report thereon dated June 14, 2023.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America; and Chapter 10.650, *Rules of the Auditor General*.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, our Independent Auditors' Report on Compliance for the Major State Project and on Internal Control Over Compliance Required by Chapter 10.650, *Rules of the State of Florida Auditor General*, and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated June 14, 2023, should be considered in conjunction with this management letter.

Other Matter

Section 10.654(1)(e), *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or state project amounts that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not identify any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal, and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

MAYER HOFFMAN McCANN P.C.

June 14, 2023
St. Petersburg, Florida