

# **Clearwater Marine Aquarium, Inc. and Affiliate**

## **Combined Financial Statements**

**For the year ended  
December 31, 2024**

**Reports of Independent Certified  
Public Accountants**



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Clearwater Marine Aquarium, Inc. and Affiliate  
Clearwater, Florida

### Report on the Audit of Financial Statements

#### *Opinion*

We have audited the accompanying combined financial statements of Clearwater Marine Aquarium, Inc. and Affiliate (a Nonprofit Organization) (collectively, the Organization), which comprise the combined statement of financial position as of December 31, 2024 and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Clearwater Marine Aquarium, Inc. and Affiliate as of December 31, 2024, and the changes in 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Clearwater Marine Aquarium, Inc. and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

CONTINUED

## INDEPENDENT AUDITOR'S REPORT - CONTINUED

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 combined financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 combined 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 combined 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 Clearwater Marine Aquarium, Inc. and Affiliate'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Clearwater Marine Aquarium, Inc. and Affiliate'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.

**CONTINUED**

## INDEPENDENT AUDITOR'S REPORT - CONTINUED

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by Chapter 10.650, *Rules of the Auditor General, State of Florida*, is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined 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 April 30, 2025 on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

*PDR CPAs + Advisors*

Oldsmar, Florida  
April 30, 2025

**CLEARWATER MARINE AQUARIUM, INC. AND AFFILIATE  
COMBINED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2024**

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**ASSETS**

**Current Assets**

Cash and cash equivalents	\$	650,777
Restricted cash		3,009,296
Accounts receivable		784,617
Grants receivable		77,640
Current portion of contributions receivable		170,995
Inventory		25,379
Other current assets		720,158

**Total current assets** 5,438,862

**Property and Equipment, Net** 93,299,128

**Other Assets**

Contributions receivable, net		337,415
Externally controlled endowments		3,167,715

**Total Assets** \$ 102,243,120

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Accounts payable and accrued expenses	\$	4,999,908
Deferred revenue		1,001,387

**Total current liabilities** 6,001,295

**Long-Term Liabilities**

Notes payable, net		21,850,661
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**Total Liabilities** 27,851,956

**Net Assets**

Without donor restrictions:		
Operating		(733,428)
Property and equipment		71,448,467

Total net assets without donor restrictions 70,715,039

With donor restrictions 3,676,125

**Total net assets** 74,391,164

**Total Liabilities and Net Assets** \$ 102,243,120

See accompanying notes to combined financial statements

**CLEARWATER MARINE AQUARIUM, INC. AND AFFILIATE  
COMBINED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue and Support</b>			
Admissions and member fees	\$ 8,942,156	\$ -	\$ 8,942,156
Educational program fees	2,310,184	-	2,310,184
Fundraising events, net of expenses of \$291,916	269,217	-	269,217
MLRP, net of cost of goods sold of \$136,602	185,966	-	185,966
Food service income, net of expenses of \$453,811	260,423	-	260,423
Commissions and merchandise sales	680,865	-	680,865
Sea turtle nesting fees	122,619	-	122,619
Contract fees	1,962,633	-	1,962,633
Grant income	4,513,370	-	4,513,370
Contributions	1,774,627	-	1,774,627
Contributed nonfinancial assets	261,626	-	261,626
Interest and dividend income	283,528	-	283,528
Net assets released from restrictions	292,622	(292,622)	-
<b>Total revenue and support</b>	<b>21,859,836</b>	<b>(292,622)</b>	<b>21,567,214</b>
<b>Operating Expenses</b>			
Animal care	10,107,258	-	10,107,258
Research and education	9,068,640	-	9,068,640
Management and general	5,389,542	-	5,389,542
Fundraising	890,220	-	890,220
<b>Total operating expenses</b>	<b>25,455,660</b>	<b>-</b>	<b>25,455,660</b>
<b>Changes in Net Assets Before Other Changes</b>	<b>(3,595,824)</b>	<b>(292,622)</b>	<b>(3,888,446)</b>
<b>Other Changes - Revenue (Expense)</b>			
Miscellaneous revenue	1,502,079	-	1,502,079
Change in third-party endowments	-	216,443	216,443
<b>Total other changes - revenue (expense)</b>	<b>1,502,079</b>	<b>216,443</b>	<b>1,718,522</b>
<b>Change in Net Assets</b>	<b>(2,093,745)</b>	<b>(76,179)</b>	<b>(2,169,924)</b>
<b>Net Assets, Beginning of Year</b>	<b>72,808,784</b>	<b>3,752,304</b>	<b>76,561,088</b>
<b>Net Assets, End of Year</b>	<b>\$ 70,715,039</b>	<b>\$ 3,676,125</b>	<b>\$ 74,391,164</b>

See accompanying notes to combined financial statements

**CLEARWATER MARINE AQUARIUM, INC. AND AFFILIATE  
COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Animal Care</u>	<u>Research and Education</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Salaries and related expenses</b>						
Salaries and wages	\$ 2,438,354	\$ 2,377,613	\$ 4,815,967	\$ 3,401,548	\$ 459,903	\$ 8,677,418
Retirement	65,120	63,498	128,618	90,844	12,282	231,744
Other employee benefits	360,197	351,224	711,421	502,482	67,938	1,281,841
Payroll taxes	180,447	184,180	364,627	223,381	34,223	622,231
<b>Total salaries and related expenses</b>	3,044,118	2,976,515	6,020,633	4,218,255	574,346	10,813,234
<b>Other operating expenses</b>						
Advertising	251,659	1,027,179	1,278,838	-	5,136	1,283,974
Computer services	108,789	444,037	552,826	-	2,220	555,046
Depreciation and amortization	2,695,386	700,100	3,395,486	105,015	-	3,500,501
Insurance	639,684	234,330	874,014	6,605	-	880,619
Interest expense	1,261,925	327,773	1,589,698	49,166	-	1,638,864
Merchant processing fees	-	335,154	335,154	-	-	335,154
Office expenses	7,399	5,068	12,467	1,408	204	14,079
Postage and shipping	10,053	28,285	38,338	4,004	256	42,598
Professional fees:						
Legal	16,218	14,207	30,425	21,018	13,428	64,871
Accounting	-	20,520	20,520	53,784	19,396	93,700
Other	6,634	1,601,122	1,607,756	515,278	88,460	2,211,494
Repairs and maintenance	945,241	27,653	972,894	22,625	10,056	1,005,575
Royalties	-	94,318	94,318	-	-	94,318
Supplies	485,090	296,444	781,534	188,646	152,713	1,122,893
Telephone	14,606	7,653	22,259	30,882	755	53,896
Travel and entertainment	36,886	160,978	197,864	22,769	7,058	227,691
Occupancy and utilities	531,725	462,369	994,094	30,825	2,569	1,027,488
Miscellaneous	4,738	259,001	263,739	53,547	4,738	322,024
Personnel enhancement	47,107	45,934	93,041	65,715	8,885	167,641
<b>Total other operating expenses</b>	7,063,140	6,092,125	13,155,265	1,171,287	315,874	14,642,426
<b>Total expenses</b>	<u>\$ 10,107,258</u>	<u>\$ 9,068,640</u>	<u>\$ 19,175,898</u>	<u>\$ 5,389,542</u>	<u>\$ 890,220</u>	<u>\$ 25,455,660</u>

See accompanying notes to combined financial statements

**CLEARWATER MARINE AQUARIUM, INC. AND AFFILIATE  
COMBINED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

<b>Cash Flows from Operating Activities:</b>	
Change in net assets	\$ (2,169,924)
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>	
Depreciation	3,163,001
Film cost amortization	337,500
Bad debt expense	2,743
Grants restricted for long-term purposes	(3,779,883)
Amortization of debt issuance costs	15,495
Loss on write-off of CIP	131,020
Appreciation in externally controlled endowments	(216,443)
<b>Changes in assets and liabilities:</b>	
Accounts receivable	(175,173)
Contributions receivable	(65,973)
Grants receivable	1,118,628
Inventory	247,624
Other current assets	497,671
Accounts payable and accrued expenses	1,298,049
Deferred revenue	47,748
	452,083
<b>Net cash provided by operating activities</b>	
<b>Cash Flows from Investing Activities:</b>	
Purchases of property and equipment	(5,790,110)
	(5,790,110)
<b>Net cash used in investing activities</b>	
<b>Cash Flows from Financing Activities:</b>	
Payments on notes payable	(848,433)
Grants restricted for long-term purposes	3,779,883
	2,931,450
<b>Net cash provided by financing activities</b>	
<b>Net Decrease in Cash and Cash Equivalents</b>	(2,406,577)
<b>Cash and Cash Equivalents at Beginning of Year</b>	6,066,650
<b>Cash and Cash Equivalents at End of Year</b>	\$ 3,660,073
<b>Total Cash Consisted of the Following at December 31, 2024:</b>	
Cash and cash equivalents	\$ 650,777
Restricted cash	3,009,296
	\$ 3,660,073
<b>Supplemental Cash Flow Information:</b>	
Cash paid for interest	\$ 1,273,052

See accompanying notes to combined financial statements

**CLEARWATER MARINE AQUARIUM, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE A - NATURE OF ORGANIZATION**

Clearwater Marine Aquarium, Inc. (CMA) is a nonprofit corporation located in Clearwater, Florida. CMA is dedicated to public education, the rescue, rehabilitation and release of sick or injured marine life, research, and creating life-changing inspirational connections to its rescued animals for sick, injured, and developmentally disabled kids and wounded soldiers. CMA also operates under the name Clearwater Marine Aquarium Research Institute, Inc (CMARI). This is a project of CMA with operations in Florida and Belize which works to protect threatened marine species such as sea turtles, manatees and right whales, and improve the health and productivity of coastal environments for the benefit of people and marine life. Sea to Shore Alliance, Inc. (S2S) is a nonprofit corporation located in Clearwater, Florida. S2S is a separate legal entity under the control of CMA and therefore the financial information of S2S is combined with CMA.

Revenue and support for CMA's programs and activities is generated primarily through admission and member fees, animal care experiences, education boat tours, grants, and contributions from the public.

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

**Basis of Combination and Presentation**

The accompanying combined financial statements include the accounts of CMA and S2S (collectively, the Organization). The combined financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). All material intercompany transactions and balances have been eliminated in combination. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The Organization presents information regarding its combined financial position and activities according to two classes of net assets described as follows:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**Measure of Operations**

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing services. Nonoperating activities, if any, are limited to other activities considered to be of a more unusual or nonrecurring nature.

**Use of Estimates**

The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the combined financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates include the collectability of receivables, determination of the useful lives of the property and equipment, and the allocation of functional expenses.

**CLEARWATER MARINE AQUARIUM, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Fair Value Measurement**

The combined financial statements are prepared in accordance with U.S. GAAP standards, for all financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in the combined financial statements or on a recurring basis (at least annually). Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on a measurement date. An entity is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

**Cash and Cash Equivalents**

At December 31, 2024, cash consists of monies held in checking accounts, savings accounts, money market funds, and petty cash. The Organization considers all highly liquid investments with an initial maturity of three months or less as cash and cash equivalents.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash held in financial institutions in excess of federally insured limits. From time to time throughout year ended December 31, 2024, the Organization's cash balance may have exceeded the federally insured limit. However, the Organization has not experienced and does not expect to incur any losses in such accounts.

**Restricted Cash**

Restricted cash represents a reserve account required by a bank loan. The reserve requirement per the loan was \$3,000,000 at December 31, 2024. Subsequent to year-end the loan requiring the reserve cash was settled and the restricted cash was released (**NOTE H**).

**Accounts and Grants Receivable and Expected Credit Losses**

Accounts receivable represent amounts owed from various third parties. Grants receivable represent amounts due from various government and local agencies for purposes specified by each grant. Receivables are stated at the amount management expects to collect from the outstanding balances. Management periodically assesses the collectability of its receivables by reviewing each outstanding balance, as well as bad debt write-offs experienced in the past, and current and developing general economic conditions, and provides for expected credit losses. Determination of delinquent receivables is based upon the contractual terms of the transaction. The Organization provides for expected credit losses through a charge to earnings and a credit to a valuation allowance. Balances that are still outstanding after reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the relevant receivable. Based on management's analysis of possible credit losses, an allowance for expected credit losses was not deemed necessary at December 31, 2024. Bad debt expense was \$2,743 for the year ended December 31, 2024.

**CLEARWATER MARINE AQUARIUM, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Contributions Receivable**

Contribution receivables are recorded at their estimated net realizable value when a pledge is made from a viable source and is in written form. Contributions to be received after one year are discounted to present value using Treasury bill rates with similar terms with an added amount for economic uncertainty. Contributions receivable are evaluated on a regular basis and management establishes an allowance as necessary. Management has determined that no allowance for uncollectible contributions receivable is required at December 31, 2024. There were no write offs of contribution receivables for the year ended December 31, 2024.

**Inventory**

Inventory consists primarily of merchandise held for sale by the Organization for the Marine Life Rescue Project (MLRP) and is stated at the lower of average cost or net realizable value. Management determined no reserve was necessary as of December 31, 2024.

**Property and Equipment**

Property and equipment with an acquisition cost or donated value of \$2,500 or more and a useful life of more than one year are capitalized. Purchases of property and equipment are recorded at cost. Donations of property and equipment are recorded at their estimated fair market value. Depreciation is computed using the straight-line method over the following estimated useful lives of the related assets:

	<b><u>Years</u></b>
Building and improvements	5 - 40
Furniture, fixtures and equipment	3 - 15
Vehicles and boats	5 - 10

**Contributed Nonfinancial Assets**

Contributed nonfinancial assets include donated services, materials, property, and equipment which are recorded at the respective fair value of the goods and services received. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, however, the combined financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria prescribed by generally accepted accounting principles. Contributed goods and services are recorded at fair value at the date of donation.

**CLEARWATER MARINE AQUARIUM, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Revenue Recognition**

Certain grants received by the Organization are considered conditional contributions since the grant agreements require the Organization to perform services, incur expenses or meet contract objectives in order to earn the grant funding. Advance payments received under these grants, if any, are deferred until earned. Revenue is earned and recognized in the combined financial statements when eligible expenses are incurred, services performed or grant objectives met.

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends, or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire or are otherwise satisfied in the fiscal year in which the contributions are recognized.

Revenues from admissions, memberships, program fees, contract fees, commissions, MLRP, and merchandise sales are considered exchange transactions. Revenues from exchange transactions are recognized when control of the goods and services are transferred to the Organization's customers in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. Admissions, commissions, MLRP, and merchandise sales are generally recognized at the "point in time" the services or goods are delivered to the customer. Memberships, program fees, and contract fees are generally recognized "over time" as the services are delivered to the customer. Payments received in advance of the transaction are recorded as deferred revenue.

**Expense Allocation**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying combined statements of activities and functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. These functions are defined as follows:

- Program services - the costs associated with the Organization's efforts to achieve the stated mission and goals.
- Management and general - the costs of operating the Organization's offices, including gathering, processing, and maintaining financial information.
- Fundraising - the costs associated with soliciting contributions or holding special events for the benefit of the Organization.

**Advertising Costs**

Advertising is expensed as incurred or upon the date the advertising publications are first released.

**Deferred Loan Costs**

The costs of obtaining certain debt are capitalized and amortized over the life of the debt and are classified as a reduction of the notes payable on the accompanying combined statement of financial position (**NOTE H**). Amortization of the deferred loan costs is charged to interest expense within the combined statement of activities.

**CLEARWATER MARINE AQUARIUM, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Income Taxes**

CMA and S2S have 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 and have been classified as an organization that is not a private foundation under Section 509(a). CMA and S2S file separate federal returns.

The Organization accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. The Organization has identified its tax status as a tax-exempt entity as its only significant tax position; however, the Organization has determined that such tax position does not result in an uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdiction. The Organization’s federal returns are generally open for examination for three years following the date filed.

**Film Costs**

The Organization has capitalized film costs associated with three films: two documentaries and a major motion picture. During fiscal year 2012, the Organization began efforts to launch a documentary surrounding one of its acclaimed dolphins. During both 2013 and 2014, the Organization incurred expenses meeting the definition of film costs to be capitalized under ASC No. 926, *Entertainment - Films*. As of December 31, 2024, film costs have been fully amortized.

**NOTE C - AVAILABILITY AND LIQUIDITY**

The following represents the Organization’s financial assets available to meet general expenditures over the next twelve months at December 31, 2024:

Financial Assets:

Cash and cash equivalents	\$ 650,777
Accounts receivable	784,617
Grants receivable	<u>77,640</u>
 Net financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 1,513,034</u>

At December 31, 2024 the Organization’s current liabilities exceeded its current assets by approximately \$872,000 and the Organization had a net loss of approximately \$2,170,000. The Organization has developed plans to address liquidity concerns and increase liquidity available for operations. These plans include the refinancing of the notes payable (**NOTE H**) which occurred subsequent to year end. The restructuring reduced debt service needs and extended the maturity of the notes payable as reflected in the liabilities section of the statement of financial position. Additionally, subsequent to year end, the Organization was awarded a \$6.05 million grant from the Pinellas County Tourist Development Council. This grant will be complementary to the ResilienSEA capital campaign. The Organization has executed a cost reduction plan that included headcount reductions, operational streamlining, and targeted reductions of discretionary spending. Management believes these proactive steps, in combination with available cash on hand, expected cash flows from operations, and recent refinancing activities (**NOTE H**) will provide sufficient liquidity to meet the Company’s obligations as they become due over the next 12 months.

**CLEARWATER MARINE AQUARIUM, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE D - CONTRIBUTIONS RECEIVABLE**

Contributions receivable consist of the following at December 31, 2024:

Gross contributions receivable	\$ 581,495
Less: Unamortized discount	<u>(73,085)</u>
Contributions receivable, net	<u>\$ 508,410</u>
Amounts due in:	
Less than one year	\$ 170,995
One to five years	<u>410,500</u>
	<u>\$ 581,495</u>

Contributions receivable consist primarily of promises from individuals and corporations. The applicable discount rates range from 1.28% to 5.28%.

**NOTE E - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31, 2024:

Land and improvements	\$ 5,605,291
Building and improvements	99,722,886
Furniture, fixtures, and equipment	6,851,261
Vehicles and boats	1,760,622
Construction in progress	<u>387,302</u>
	114,327,362
Less accumulated depreciation	<u>(21,028,234)</u>
	<u>\$ 93,299,128</u>

Depreciation expense was \$3,163,001 for the year ended December 31, 2024. Depreciation will commence on amounts in construction in progress when the items are completed and placed into service. Construction in progress represents costs associated with the building of a mobile classroom.

**CLEARWATER MARINE AQUARIUM, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE F - FILM COSTS**

Film costs of \$5,537,664 relating to *Dolphin Tale 2* were capitalized in 2014. During 2020, the Organization experienced a significant decline in attendance due to COVID-19 which caused the Organization to reexamine the value of the film costs. The Organization determined that film costs associated with *Dolphin Tale 2* were impaired and recorded an impairment loss of approximately \$533,000. The Organization amortized the remaining *Dolphin Tale 2* costs totaling \$337,500 during the year ended December 31, 2024.

**NOTE G - EXTERNALLY CONTROLLED ENDOWMENTS**

In 2022, the Organization invested \$30,000 with the Community Foundation of Tampa Bay (CFTB) which is classified as net assets with donor restrictions. Unrealized gains and losses from the investment are included in the combined statement of activities within change in third-party endowments. Since the funds were transferred to the CFTB by the Organization and the Organization is named the beneficiary, these funds are included in the accompanying combined statements of financial position. As of December 31, 2024, the fair value of this endowment was \$46,124.

In addition to this initial investment the CFTB matched \$10,000 for the benefit of the Organization. The CFTB has variance power over these funds and thus these funds are not considered an asset of the Organization. The balance of these funds was \$10,876 as of December 31, 2024.

The Organization's other third-party endowments consist of two additional externally managed funds established for a variety of purposes. The endowments are both donor-restricted endowment funds. The funds are held by third-party trustees and therefore the Organization has no direct influence over the investment policy of either fund. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization's policy is to appropriate interest and dividends received from these endowments for operations. Therefore, interest and dividend income is reported as increases in net assets without donor restriction.

The Board of Directors of the Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions of a permanent nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Endowment net asset composition by type of fund at December 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Externally controlled endowments	<u>\$ -</u>	<u>\$ 3,167,715</u>	<u>\$ 3,167,715</u>

**CLEARWATER MARINE AQUARIUM, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE G - EXTERNALLY CONTROLLED ENDOWMENTS - CONTINUED**

Changes in endowment net assets for the year ended December 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning	\$ -	\$ 2,951,272	\$ 2,951,272
Change in value of endowment fund	-	312,051	312,051
Contributions	-	11,825	11,825
Distributions	-	<u>(107,433)</u>	<u>(107,433)</u>
Net change in endowment assets	<u>-</u>	<u>216,443</u>	<u>216,443</u>
Total funds	<u>\$ -</u>	<u>\$ 3,167,715</u>	<u>\$ 3,167,715</u>

These endowment assets are held in perpetuity and are invested and managed by outside trustees in accordance with trust instruments established by the donors. The fair market value of the assets held in the endowment trusts are considered to be the most appropriate estimates of the discounted values of the estimated future revenue streams, and are therefore the basis used to record these future streams of revenue. Changes in the fair market value of the endowment trusts are included in other changes in net assets with donor restrictions.

**CLEARWATER MARINE AQUARIUM, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE H - LONG-TERM DEBT**

Long-term debt at December 31, 2024 consists of the following:

Note payable to bank with current monthly installments of \$3,572 including interest at 4.2% through May 2030. Secured by a mortgage on real property. This loan was refinanced subsequent to year-end as described in the paragraph below.	\$ 487,646
Series 2018 bonds payable. Interest is payable monthly on principal amounts outstanding at .79% of one-month LIBOR plus 2.0875% or 6% (6% at December 31, 2024). Interest only payments will continue for thirty-six months from the loan date of March 1, 2018 at which point the loan will be amortized over a twenty-five year period. Monthly installments will be \$49,800 plus accrued interest through March 2025 at which time all remaining principal and interest will be due and payable. Bond is secured by all assets of the Organization. This loan was refinanced subsequent to year-end as described in the paragraph below.	12,900,024
Note payable to bank with monthly payments of \$5,163, plus interest at SOFR + 3.94% (8% at December 31, 2024) through March 2025, with a single payment of all remaining unpaid principal and accrued interest due March 26, 2025. Secured by a mortgage on real property. This loan was refinanced subsequent to year-end as described in the paragraph below.	433,710
Note payable to bank with monthly payments of \$37,526, plus interest at SOFR + 3.94% (8% at December 31, 2024) through March 2025 with a single payment of all remaining unpaid principal and accrued interest due March 26, 2025. Secured by a mortgage on real property. This loan was refinanced subsequent to year-end as described in the paragraph below.	<u>8,043,460</u>
Total long-term debt	21,864,840
Less unamortized debt issuance costs	<u>14,179</u>
Long-term debt, less unamortized debt issuance costs	21,850,661
Less current portion	<u>-</u>
Long-term debt, net	<u><u>\$ 21,850,661</u></u>

**CLEARWATER MARINE AQUARIUM, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE H - LONG-TERM DEBT - CONTINUED**

**Loan Refinance**

On March 7, 2025, the Organization refinanced approximately \$17,865,000 in principal and \$837,000 in accrued interest and fees related to notes payable that were originally scheduled to mature on April 30, 2025 (approximately \$22,154,000) and May 8, 2030 (approximately \$498,000). As part of the refinancing, one of the two original lenders forgave \$9.7 million in principal and exited the lending arrangement. The remaining balance was refinanced through a combination of the continuing lender and a new lender, under new long-term financing agreements. The newly issued notes have a combined principal of approximately \$16,000,000 and extend the maturity beyond one year from the statement of financial position date. As a result of the refinancing, the Organization reclassified the related debt from current liabilities to long-term liabilities, except for portions due in 2025 in accordance with US GAAP. A summary of terms follows:

<u>Loan Principal</u>	<u>Maturity Date</u>	<u>Interst Rate</u>	<u>Terms</u>
\$ 12,086,727	March 2030	SOFR + 3%	Interest Only till Maturity
\$ 1,940,000	March 2028	WSJ Prime +0.25%	Interest Only till Maturity
\$ 1,940,000	March 2028	WSJ Prime +0.75%	Interest Only till Maturity

**NOTE I - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at December 31, 2024:

Temporary restrictions:	
Contributions receivable, net	\$ 508,410
Permanent restrictions - endowments:	
Thomas Cooper	2,186,570
Edna Klauser	935,021
Winter Endowment	<u>46,124</u>
Total net assets with permanent restrictions	<u>3,167,715</u>
Total net assets with donor restrictions	<u>\$ 3,676,125</u>

Net assets of \$292,622 were released from restrictions during the year ended December 31, 2024 by incurring expenses satisfying the restricted purposes, or by occurrence of other events specified by donors.

**CLEARWATER MARINE AQUARIUM, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE J - CONTRIBUTED NONFINANCIAL ASSETS**

The Organization receives contributed nonfinancial assets of time and pro bono services from members of the community and volunteers related to program operations, special events, and fund-raising campaigns. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes contributed nonfinancial asset revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

For the year ended December 31, 2024, the Organization received contributed nonfinancial assets estimated as follows:

	<u>Animal Care</u>	<u>Research and Education</u>	<u>Fundraising</u>	<u>Total</u>
X-rays services	\$ 122,298	\$ -	\$ -	\$ 122,298
Event hospitality	-	-	82,943	82,943
Property, equipment, and supplies	-	56,385	-	56,385
	<u>\$ 122,298</u>	<u>\$ 56,385</u>	<u>\$ 82,943</u>	<u>\$ 261,626</u>

All donated services and assets were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets. Donated services are valued based on current rates for similar event and x-ray services. Donated goods are valued at the wholesale prices that would be received for selling similar products. Donated property and equipment is valued based on assessed property values or the cost of acquiring similar equipment.

**NOTE K - MERCHANDISE ROYALTIES**

The Organization pays merchandising royalties on the sale of merchandise to the production company which produced the feature films *Dolphin Tale* and *Dolphin Tale 2*. Royalties totaled \$94,318 for the year ended December 31, 2024. The royalty program ended during the year ended December 31, 2024.

**NOTE L - DEFINED CONTRIBUTION BENEFIT PLAN**

The Organization sponsors a 401(k) savings plan for employees who have attained 60 days of service and have reached the age of 21. During 2024, the Organization matched 100% of participant contributions that are not over 3% of the participant's compensation and 50% of participant contributions that are over 3% but not over 5% of the participant's compensation. The Organization contributed approximately \$180,000 to the Plan for the year ended December 31, 2024. Subsequent to year end, the Organization ceased the employer match portion of the 401(k) savings plan as part of the reduction in discretionary expenditures (**NOTE C**).

**CLEARWATER MARINE AQUARIUM, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE M - FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Organization's investments are reported at fair value in the accompanying combined statements of financial position. Following is a description of valuation methodologies used for investments measured at fair value.

Externally controlled endowments - The investments are managed by an unrelated third party and are valued based upon the third-party information without adjustment. The Organization does not develop nor are they provided with the quantitative inputs used to develop the fair market values. Management has determined that these items should be reported at Level 3 because the fair values for these assets have unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Fair Value Levels**

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. There were no transfers in 2024.

The fair values of assets measured on a recurring basis at December 31, 2024 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Externally controlled endowments	\$ -	\$ 3,167,715	\$ 3,167,715

The following is a reconciliation of the Organization's level 3 investments:

Balance at December 31, 2023	\$ 2,951,272
Contributions	11,825
Distributions	(107,433)
Change in fair value of third-party endowments	<u>312,051</u>
Balance at December 31, 2024	<u>\$ 3,167,715</u>

**CLEARWATER MARINE AQUARIUM, INC. AND AFFILIATE**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE N - SELF INSURANCE**

The Organization is self-insured for certain losses related to its employee health insurance plan. The expected ultimate costs for claims incurred are estimated based principally on an analysis of historical claims data and estimates of claims incurred but not reported. Losses are accrued and charged to operations when it is probable that a loss has been incurred and the amount can be reasonably estimated. Recoveries of claims paid in excess of stop-loss insurance limits are accrued and reduce claims expense. The Organization maintains a third-party stop-loss insurance policy to cover claims costs in excess of predetermined retained amounts. Costs related to the administration of the plan and related claims are expensed as incurred. At December 31, 2024, the Organization has recorded a payable for estimated claims incurred but not paid. The accrual totaled approximately \$76,000 and is included within accounts payable and accrued expenses in the accompanying statement of financial position. The Organization does not maintain specific financial reserves for claims and other expenses incurred under the plan as the Organization's general financial reserves are deemed by management to be adequate to pay such costs as they are incurred.

**NOTE O - COMMITMENTS AND CONTINGENCIES**

The Organization is exposed to various unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the Organization's financial position or the results of its operations.

**NOTE P - SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through April 30, 2025, the date the combined financial statements were available to be issued. In March 2025, the Organization refinanced its notes payable with a new lender (**NOTE H**). Except as disclosed in **NOTE H** and **NOTE L**, the Organization is not aware of any subsequent events that would require recognition or disclosure in the combined financial statements.

**SUPPLEMENTARY INFORMATION**

**CLEARWATER MARINE AQUARIUM, INC. AND AFFILIATE  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2024**

<u>Florida State Agency / Program Title / Florida State Project Title</u>	<u>CSFA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>	<u>Subrecipients</u>
<b>State of Florida</b>				
Florida Fish and Wildlife Conservation Commission Clearwater Marine Aquarium Manatee Rehabilitation Exhibit	77.058	GAA1934E	\$ 3,313,149	\$ -
<b>Total Expenditures of State Financial Assistance</b>			<u>\$ 3,313,149</u>	<u>\$ -</u>

See accompanying notes to the schedule of state financial assistance

**CLEARWATER MARINE AQUARIUM, INC. AND AFFILIATE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED DECEMBER 31, 2024**

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**BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of State Financial Assistance (the Schedule) includes the State of Florida project activity of Clearwater Marine Aquarium, Inc. and Affiliate (the Organization). The schedule is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations and the requirements of Chapter 10.650, *Rules of the Auditor General, State of Florida*. Because the Schedule presents only a selected portion of the operations of the Organization Clearwater Marine Aquarium, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Chapter 10.650, *Rules of the Auditor General, State of Florida*, wherein certain types of expenditures are not allowable or limited as to reimbursement.

**CONTINGENCIES**

Expenditures incurred by the Organization are subject to audit and possible disallowance by the State of Florida. Management believes that if audited, any adjustments for disallowed expenses would be immaterial in amount.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF COMBINED FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Clearwater Marine Aquarium, Inc.

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 combined financial statements of Clearwater Marine Aquarium, Inc. and Affiliate (the Organization), which comprise the combined statement of financial position as of December 31, 2024, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated April 30, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the combined financial statements, we considered the Organization'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 combined 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 combined 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 or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's combined 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 combined 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*.

**CONTINUED**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF COMBINED FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* –  
CONTINUED**

**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.

*PDR CPAs + Advisors*

Oldsmar, Florida  
April 30, 2025



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY CHAPTER 10.650,  
RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA**

To the Board of Directors  
Clearwater Marine Aquarium, Inc.

**Report on Compliance for Each Major State Project**

***Opinion on Each Major State Project***

We have audited Clearwater Marine Aquarium, Inc.'s and Affiliate (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *Florida Department of Financial Services State Projects Compliance Supplement* that could have a direct and material effect on the Organization's major state project for the year ended December 31, 2024. The Organization's major state project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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, 2024.

***Basis for Opinion on Each Major State Project***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, *Rules of the Auditor General, State of Florida*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 each major state project. Our audit does not provide a legal determination of the Organization'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 Organization's state project.

CONTINUED

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY CHAPTER 10.650,  
RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA –  
CONTINUED**

***Auditor's 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 due to fraud or error, and express an opinion on the Organization'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 generally accepted auditing standards, *Government Auditing Standards*, and chapter 10.650, *Rules of the Auditor General, State of Florida* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the 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 Organization's compliance with the requirements of each major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Auditor General, State of Florida*, 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 Organization'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 Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Chapter 10.650 *Rules of the Auditor General, State of Florida*, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

**Report on Internal Control over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A material weakness *in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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.

**CONTINUED**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY CHAPTER 10.650,  
RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA –  
CONTINUED**

**Report on Internal Control over Compliance - Continued**

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650 *Rules of the Auditor General, State of Florida*. Accordingly, this report is not suitable for any other purpose.

*PDR CPAs + Advisors*

Oldsmar, Florida  
April 30, 2025

**CLEARWATER MARINE AQUARIUM, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
STATE PROJECT  
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

**Financial Statements Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?     yes   X  no

Significant deficiency(ies) identified not considered to be material weakness(es)?     yes   X  none reported

Noncompliance material to financial statements noted?     yes   X  no

**State Project Section**

Internal control over major state programs:

Material weakness(es) identified?     yes   X  no

Significant deficiency(ies) identified not considered to be material weakness(es)?     yes   X  none reported

Type of auditor's report on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650 of the Uniform Guidance?     yes   X  no

Identification of Major State Projects:

CSFA Number	Name of Project
77.058	Clearwater Marine Aquarium Manatee Rehabilitation Exhibit

Dollar threshold used to determine Type A programs:

State programs \$ 993,945

**CLEARWATER MARINE AQUARIUM, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
STATE PROJECT  
FOR THE YEAR ENDED DECEMBER 31, 2024**

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**Part II - Schedule of Financial Statement Findings**

This section identifies the significant deficiencies, material weakness, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no reportable findings.

**Part III - State Project Findings and Questioned Costs**

This section identifies the significant deficiencies, material weakness, and instances of noncompliance, including questioned costs, related to the audit of major state project, as required to be reported by Chapter 10.650, *Rules of the Auditor General, State of Florida*.

There were no reportable findings.

**Part IV - Summary Schedule of Prior Audit Findings**

A Summary Schedule of Prior Audit Findings is not necessary since there were no prior year audit findings related to a major state project.

**Other Issues**

No management letter is required because there were no findings required to be reported in the management letter.