

SAVE THE MANATEE CLUB, INC

**AUDITED
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2015**

FRANK J. GUIDA C. P. A., P. A.

SAVE THE MANATEE CLUB, INC

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Independent Auditor's Report

Board of Trustees
Save the Manatee Club, Inc
Maitland, FL

We have audited the accompanying financial statement of Save the Manatee Club, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2015 and the related statement of activities and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Save the Manatee Club, Inc. as of December 31, 2015, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Frank J. Guida CPA, PA

Frank J. Guida C.P.A., P.A.
Maitland, Florida
November 28, 2016

SAVE THE MANATEE CLUB

STATEMENT OF FINANCIAL POSITION

as of

December 31, 2015

ASSETS	
Cash and cash equivalents	\$ 334,400
Receivables	9,315
Inventory	48,553
Prepaid expenses	65,902
Total current assets	458,170
Investments	576,940
Donated Land (held for sale)	6,500
Equipment (less accumulated depreciation of 92,524)	11,656
Deposits and other assets	2,200
Total Assets	\$ 1,055,466

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 29,517
Total current liabilities	29,517

NET ASSETS

Unrestricted	725,210
Temporarily restricted	98,376
Permanently restricted	202,363
Total net assets	1,025,949
Total Liabilities and Net Assets	\$ 1,055,466

SAVE THE MANATEE CLUB

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED
12/31/15

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue:				
Memberships	\$ 477,362			477,362
Contributions	2,393,877	53,783		2,447,660
Grants	57,984	22,961		80,945
Merchandise sales	148,945			148,945
Investment income, net	(13,215)			(13,215)
Net assets released from restrictions	54,234	(54,234)		-
Total Support and Revenue	3,119,187	22,510	-	3,141,697
Expenses and Losses:				
Program services:				
Conservation	394,754			394,754
Education and outreach	1,497,488			1,497,488
Membership services and governmental affairs	447,407			447,407
Manatee merchandise (including cost of merchandise sales of \$ 80,060)	162,090			162,090
Total program expenses	2,501,739	-	-	2,501,739
Supporting services:				
Administration	161,088			161,088
Fundraising	222,543			222,543
Total Supporting Services	383,631	-	-	383,631
Total Expenses	2,885,370	-	-	2,885,370
Increase (Decrease) in Net Assets	233,817	22,510	-	256,327
Net assets at beginning of year	491,393	75,866	202,363	769,622
Net assets at end of year	\$ 725,210	98,376	202,363	1,025,949

SAVE THE MANATEE CLUB

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED
December 31, 2015

CASH FLOWS FROM PROGRAM AND OPERATING ACTIVITIES:

Change in net assets	\$	256,327
Adjustments to reconcile change in net assets to net cash used by program and operating activities:		
Depreciation		5,914
Contributed Securities		(228)
Reinvested Dividends		(19,318)
Unrealized (gain) or loss on Investments		34,978
(Increase) Decrease in:		
Receivables		(7,265)
Prepaid expenses		(48,725)
Inventory		(9,570)
Increase (Decrease) in:		
Payables and accrued		(29,215)
Net cash (used) provided by operating activities		182,898
CASH FLOWS FROM INVESTING ACTIVITIES:		
Transfers from Investments to operating account		(72,474)
Purchase of equipment		-
Net cash (used) provided from investing activities		(72,474)
Net increase (decrease) in cash		110,424
Cash at beginning of year		223,976
Cash at the end of the year	\$	334,400

Save the Manatee Club, Inc.

Notes To The Financial Statements

December 31, 2015

1. Significant Accounting Policies

Organization, Save the Manatee Club, Inc. (the "Organization") is a membership-based organization whose purpose is public education, conservation, and advocacy for the endangered manatee. The Organization is located in Maitland, Florida, but its membership and activities are national in scope. The Organization's primary source of support is contributions from those interested in the cause.

Basis of Accounting The Organization prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for NFPs. The significant accounting and reporting policies used by the organization are described to enhance the usefulness and understandability of the financial statements.

Basis of Presentation- Net Assets The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Unrestricted Net Assets

Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into during the ordinary course of its operations.

Temporarily Restricted Net Assets

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

Save the Manatee Club, Inc.

Notes To The Financial Statements

December 31, 2015

Significant Accounting Policies (continued)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets.

Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Permanently Restricted Net Assets

Permanently restricted net assets are resources whose use by the organization is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The portion of the organization's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class.

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in unrestricted net assets. Net losses on endowment investments reduce temporarily restricted net assets to the extent that net gains of the fund from prior years are unspent and classified there; remaining losses are classified as decreases in unrestricted net assets. If an endowment fund has no net gains from prior years, such as when a fund is newly established, net losses are classified as decreases in unrestricted net assets.

Contributions Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction.

Save the Manatee Club, Inc.

Notes To The Financial Statements

December 31, 2015

Significant Accounting Policies (continued)

Contributions (continued) Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions.

Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Contributed Services and Facilities The organization periodically receives contributions in a form other than cash or investments. If the organization receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the organization's capitalization policy. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. Donated supplies are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed.

The organization also benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the organization's program operations and administrative duties. The majority of the contributed services do not meet the criteria for recognition in financial statements. GAAP allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Save the Manatee Club, Inc.

Notes To The Financial Statements

December 31, 2015

Significant Accounting Policies (continued)

Cash Equivalents and Concentration of Credit Risk For purposes of reporting cash flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less and which are not subject to withdrawal restrictions or penalties, as cash and cash equivalents on the accompanying balance sheet. Cash and cash equivalents do not include cash restricted by donors.

The Organization maintains deposits in financial institutions which insure their deposits with the FDIC. Periodically bank balances may exceed the FDIC insurance limit and as such, not all bank balances would be covered by such insurance. This presents a credit risk to the Organization.

Investments- Investments are composed of stocks, bonds, mutual funds and/or money market funds. Investments are reported at fair value. The fair value for investments in equity securities traded on national securities exchanges is determined by the closing price on the last business day of the fiscal year; securities traded on the over-the-counter market are valued at the last reported bid price.

The fair value of shares in exchange-traded funds is determined by the closing price on the last business day of the fiscal year. The fair value of open-end mutual fund units is determined by the published net asset value per unit at the end of the last trading day of the fiscal year.

Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Save the Manatee Club, Inc.

Notes To The Financial Statements

December 31, 2015

Significant Accounting Policies (continued)

Fair Value Measurements The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1. Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.

Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets in markets that are not active;
- observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the organization is required to measure at fair value (for example, unconditional promises to give and in-kind contributions).

The primary uses of fair value measures in the organization's financial statements are

- initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give.
- recurring measurement of short term investments
- recurring measurement of endowment investments.

Save the Manatee Club, Inc.

Notes To The Financial Statements

December 31, 2015

Significant Accounting Policies (continued)

Fair Value Measurements (continued) The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015.

Money market fund: Carrying value approximates fair value because of liquidity.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Common stocks and exchange traded funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization 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.

Vehicle and Equipment Vehicle and equipment is recorded at cost. Depreciation is calculated by the straight-line method. Contributed assets are recorded at their estimated fair value at the date of contribution. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Repairs and maintenance are expensed as incurred.

Save the Manatee Club, Inc.

Notes To The Financial Statements

December 31, 2015

Donated Land Held for Sale Donated land (held for sale) consists of land located in Lake Placid, Florida, and is stated at the lower of current estimated fair value or estimated fair value at the date of contribution.

Inventory Inventory, consisting of educational and promotional merchandise held for sale, is carried at the lower of cost or market, cost having been determined by the average cost method.

Leases Leases meeting appropriate criteria are capitalized and amortized on the straight-line method using lives approximating those of similar purchased assets, or the lease term, if shorter. Rental payments under all leases classified as operating leases are expensed as incurred.

Income Taxes The Organization is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

Accounting principles generally accepted in the United States of America prescribe requirements for the recognition of income taxes in financial statements, and the amounts recognized are affected by income tax positions taken by the Organization in its tax returns. The Organization's position that it is tax exempt under Section 501(c)(3), and its position that none of its income is unrelated business taxable income, are defined as tax positions under these requirements. While management believes, it has complied with the Internal Revenue Code, the sustainability of some income tax positions taken by the Organization in its tax returns may be uncertain. There are minimum thresholds of likelihood that uncertain tax positions are required to meet before being recognized in the financial statements. Management does not believe that the Organization has any material uncertain tax positions at December 31, 2015.

In the event interest and penalties were due relating to an unsustainable tax position, they would be treated as a component of income tax expense.

The Organization's federal income tax returns are subject to examination by the Internal Revenue Service. At December 31, 2015, income tax returns for the years 2012 through 2015 are subject to examination.

Save the Manatee Club, Inc.

Notes To The Financial Statements

December 31, 2015

2. Investments

Investment activity for the fiscal year is as follows:

	Tax Cost	Fair Value
Investment assets at December 31, 2014	\$ 507,993	\$ 519,901
Investment Income (net of fees)	19,316	19,316
Net gains (realized and unrealized)	-0-	(34,978)
Contributions	228	228
Transfers (to) from operating account	72,473	72,473
Endowment assets at December 31, 2015	<u>\$ 600,010</u>	<u>\$ 576,940</u>

As discussed above, the organization is required to report its fair value measurements in one of three levels, which are based on the ability to observe in the marketplace the inputs to the organization's valuation techniques. Level 1, the most observable level of inputs, is for investments measured at quoted prices in active markets for identical investments as of the December 31, 2015. Level 2 is for investments measured using inputs such as quoted prices for similar assets, quoted prices for the identical asset in inactive markets, and for investments measured at net asset value (NAV) that can be redeemed in the near term. Level 3 is for investments measured using inputs that are unobservable, and is used in situations for which there is little, if any, market activity for the investment. As of December 31, 2015, all investments were Level 1 and Level 2 investments and listed on active markets.

The following table summarizes the Level 1 and Level 2 investments as of December 31, 2015.

	Level 1	Level 2	Total
Cash in Bank	\$ 239,365		\$ 239,365
Cash in Brokerage Account	4,188		4,188
Stocks	36,512		36,512
Bonds	-0-		-0-
Mutual Funds			
Managed Futures and Arbitrage funds	77,268		77,268
US and Global Equity Funds	172,556		172,556
Bond and Fixed Income Funds	47,051		47,051
Total Investments	<u>\$ 576,940</u>		<u>\$ 576,940</u>

Save the Manatee Club, Inc.

Notes To The Financial Statements

December 31, 2015

3. Equipment

Vehicle and equipment consists of the following at December 31, 2015:

Vehicle	\$	26,995
Office Equipment		39,645
Blue Springs Manatee Cam		26,700
Equipment under capital lease		10,839
Total Cost		104,179
Less accumulated depreciation and amortization		92,523
Equipment, net	\$	11,656

4. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31, 2015:

Emergency Rescue and rehabilitation programs	\$	22,631
Legal Fund		13,545
Intern Program		3,340
Manatee Cam-Homosassa		1,000
Manatee Cam and other Equipment purchases		39,500
Save our Springs		18,360
Total Temporarily Restricted Funds	\$	98,376

Net assets changes in donor restriction during the year ended December 31, 2015 are as follows:

Emergency Rescue and rehabilitation programs	\$	15,227
Legal Fund		2,901
Intern Program		1,340
Manatee Cam-Homosassa		-0-
Manatee Cam and other Equipment purchases		22,000
Save our Springs		(18,958)
Total Temporarily Restricted Funds	\$	22,510

Save the Manatee Club, Inc.

Notes To The Financial Statements

December 31, 2015

5. Permanently Restricted Net Assets:

Permanently restricted net assets at December 31, 2015, consist of one donor-restricted endowment fund. Income generated by the endowment is available for support of general operations. As required by accounting principles generally accepted in the United States of America, net assets associated with the endowment fund are classified and reported based on the existence of donor-imposed restrictions.

6. Endowment Investments:

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the original gift amount of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of the 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. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment fund;
- The purposes of the Organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization; and
- The investment policies of the Organization.

Save the Manatee Club, Inc.

Notes To The Financial Statements

December 31, 2015

Endowment Investments (continued):

Changes in the Endowment net assets is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment-Beginning of Year	\$ -0-	\$ -0-	\$ 202,363	\$ 202,363
Investment Income			10,607	10,607
Realized and Unrealized Gain or Loss			(24,393)	(24,393)
Release of Restrictions			13,786	13,786
Endowment Fund- End of Year	\$ -0-	\$ -0-	\$ 202,363	\$ 202,363

Return Objectives and Risk Parameters

The Organization has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to support the Organization 's general operation, while seeking to preserve the fair value of the original gift as of the gift date of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is conservative, and assumes a minimal level of investment risk. The Organization expects its endowment fund to provide a rate of return that at least approximates the highest prevailing interest rates available at local financial institutions.

Strategies Employed for Achieving Objectives

To satisfy its investment and rate of return objectives, the Organization diversifies its investments in its endowment fund assets, as it does its other investments, between fixed income and equity securities. Investment returns are achieved on a total return basis through current income and capital appreciation.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization uses only the investment earnings of the endowment fund for its general operations. This is consistent with the Organization's objective to preserve the fair value of the original gift as of the gift date of the endowment assets held in perpetuity.

Save the Manatee Club, Inc.

Notes To The Financial Statements

December 31, 2015

7. In-Kind Contributions:

In-kind contributions, primarily magazine and radio media advertising, during the year ended December 31, 2015, amounted to \$1,556,342, and are reflected in the accompanying statement of activities as follows:

Contributions	\$ 1,556,342
Expenses:	
Program Services:	
Education and outreach	1,206,170
Membership	155,632
Administration	38,908
Fundraising	155,632
	<u>\$ 1,556,342</u>

The Organization also has multiple volunteers that provide both administrative support and conservation support. The organization had approximately 2,308 volunteers during December 31, 2015. The volunteers spent 1,286 hours related to tabling events and presentations; and 338 hours related to office administration. As stated in Footnote 1, these contributed services do not meet the criteria for recognition in financial statements, however, the estimated average rate for volunteer time in Florida is \$22.00, which would result in an estimated value of \$35,800

8. Pension Plan

The Organization has a 403(b) pension plan for the benefit of all eligible employees who are at least 21 years old and have three years of service. The Organization made contributions in the amount of \$11,909 to the plan during the year ended December 31, 2015.

9. Commitment and Contingencies:

The Organization leases office space and office equipment under noncancelable operating leases which expire in 2018. The office space is rented on an annual basis, expiring in February each year.

Future minimum lease payments under the leases at December 31, 2015, are as follows:

Year ending December 31	
2016	\$ 68,204
2017	13,297
2018	965
	<u>\$ 82,466</u>

Save the Manatee Club, Inc.

Notes To The Financial Statements

December 31, 2015

Total rent expense for the year ended December 31, 2015 amounted to \$58,464

10. Concentrations:

Substantially all the Organization's financial resources are derived from members and other donors who are interested in preservation of the endangered manatee.

A concentration of credit risk exists at December 31, 2015, with regards to investments since this account is not subject to federal deposit insurance.

11. Litigation:

In furtherance of its manatee conservation and advocacy programs, the Organization is involved at times in administrative hearing, litigation, and other such proactive activities.

12. Subsequent Events:

The Organization has evaluated subsequent events for potential recognition and/or disclosure through November 28, 2016 the date the financial statements were available to be issued.