

# **Harbor Branch Oceanographic Institute Foundation, Inc.**

**Financial Statements and  
Supplementary Information  
Years Ended June 30, 2024 and 2023**

**Harbor Branch Oceanographic Institute Foundation, Inc.**

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Financial Statements and Supplementary Information  
Years Ended June 30, 2024 and 2023

# Harbor Branch Oceanographic Institute Foundation, Inc.

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## Independent Auditor's Report

The Board of Directors  
Harbor Branch Oceanographic Institute Foundation, Inc.  
Vero Beach, Florida

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of Harbor Branch Oceanographic Institute Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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

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

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foundation's financial statements. The Foundation's Management's Discussion and Analysis, which is presented to highlight certain information in the Foundation's financial statements, and the schedule of specialty license plate revenue and expenses, are presented for purposes of additional analysis and are not required parts of the financial statements. The schedule of expenditures of state financial awards, as required by the State of Florida, Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been



subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2024 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

*BDO USA, P.C.*

December 6, 2024

# Harbor Branch Oceanographic Institute Foundation, Inc.

## Management's Discussion and Analysis

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The Harbor Branch Oceanographic Institute Foundation, Inc. (the Foundation) offers this Management's Discussion and Analysis to help readers further understand the Foundation's financial activities during the fiscal year from July 1, 2023 to June 30, 2024 (2024 fiscal year or FY24). The discussion and analysis should be read in conjunction with the 2024 financial statements and the report of the independent auditors included herein.

### ***What is the Harbor Branch Oceanographic Institute Foundation?***

The Foundation was founded in 1971 by J. Seward Johnson, Sr. to fulfill his vision of preserving the environment through a deep, scientific understanding of the ocean. Famed Inventor Edwin A. Link furthered the founder's vision with his passion for sea exploration and engineering expertise. Together, Johnson and Link produced countless innovations through partnerships with many of the world's most talented scientists. That work, and the intellectual curiosity of Johnson and Link, propelled Harbor Branch Oceanographic Institute to become one of the world's foremost leaders in oceanographic research. Today, Johnson's legacy is carried on by the Foundation, a 501(c)(3) nonprofit organization, through its grant-making to the Harbor Branch Oceanographic Institute (Institute), a research institute at Florida Atlantic University (HBOI at FAU).

The Institute had existed independently as a nonprofit since its inception, with its Board of Directors overseeing research operations, a unique campus boasting the largest privately owned deep-water channel in Florida and a substantial endowment. The State of Florida funded the purchase of appraised wetlands from the Institute at approximately \$24 million. The Institute also conveyed the Institute's campus property to the State of Florida for use by Florida Atlantic University (FAU) for no consideration. The Institute gifted tangible and intangible personal property booked by FAU as \$92.2 million of assets as of December 31, 2007. The Board of Directors turned its attention away from governing the Institute, became the renamed Harbor Branch Oceanographic Institute Foundation, Inc. and pledged to continue to leverage its considerable assets to support HBOI at FAU.

### ***Our Mission Today***

The mission of the Foundation is to support HBOI at FAU. The Foundation provides funding and support for research and education in marine sciences and ocean engineering. Our goal is to support HBOI at FAU as it increases understanding of oceans and coastal areas through exploration and scientific investigation.

### ***Our Investment Approach***

The Foundation's Investment Policy has an objective to earn the highest possible total return (capital appreciation and income return) consistent with prudent levels of risk. At a minimum, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of these assets and provide necessary capital to fund the current annual spending policy of up to 4.5%, based on a three-year rolling average of the market value. Therefore, the desired minimum rate of return is equal to the Consumer Price Index (CPI) plus 450 basis points (4.5%) on an annualized basis. In light of this return requirement, the portfolio should be constructed using a total return approach with a significant portion of the funds invested to seek growth of principal over time. The assets are to be invested for the long term, and a higher short-term volatility in these assets is to be expected and accepted.

# Harbor Branch Oceanographic Institute Foundation, Inc.

## Management's Discussion and Analysis

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The spending policy reflects the fundamental objective of preserving and enhancing the resources of the Foundation, both at present and in the future. Current spending and the long-term objectives of preserving and enhancing the endowment assets are balanced by considerations given to reasonable expectations of investment returns, gift contributions, operating expenses, and inflation.

### ***Grant-Making***

The Foundation has been diligent in fulfilling its mission with a long history of providing grants and other funding totaling over \$59,000,000 since 2007 to HBOI at FAU.

In FY15, the Grants Committee, confirmed by the Board of Directors, determined to focus its funding to HBOI as follows:

- To support the goals of a Harbor Branch Oceanographic Institute Strategic Plan.
- To fund high-impact projects or initiatives.
- To provide maximum visibility and raise the profile of HBOI at FAU.
- To be used to maximize or leverage Discretionary Fund grant dollars to HBOI at FAU to obtain funds from other funding sources.
- To fund projects that may not meet the criteria or have the opportunity for timely funding from other funding sources, including FAU.

In FY18, the Grants Committee confirmed a preference away from multi-year grants. Instead, future grants became one-year only; in certain cases, these may have the intention of being rolling, with any subsequent "renewal" based on evaluation and available spendable.

The Foundation's Board of Directors retains sole discretion over grant-making to HBOI at FAU. This ensures that the Foundation retains the necessary oversight over the distribution of funds, which are to be used to further its mission of supporting meaningful oceanographic research at HBOI at FAU. Through an established grant-making process and timeline, the Foundation invites grant proposals from HBOI at FAU for Discretionary Grants and Specialty License Plate grants. These proposals are reviewed by staff for completeness and compliance and then forwarded to the Grants Committee for their consideration and any recommendation to the full Board.

The Foundation's grant awards are conditional, which means they are made based on HBOI at FAU and FAU's agreement to, and fulfillment of, specific conditions relating to the use of the funds and for the purpose for which they are granted as codified in Funding Letters.

Discretionary grants are made subject to an annual available spendable amount, as calculated by the Foundation's Investment Policy and less previously made multi-year grant commitments expected to be paid out in any given year and projected operational expenses.

In addition, the Foundation's specialty license plate program focuses on four key areas to further oceanographic research and preserve the environment. User fees from the purchase of these plates are used to fund vetted projects along with some grants to others, a marketing budget to promote each plate, and certain administration fees, all allowed by legislative statute.



# Harbor Branch Oceanographic Institute Foundation, Inc.

## Management's Discussion and Analysis

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The four plates include:

- *Save our Seas Specialty License Plate* - Enacted in 2007, research conducted as a result of funding from the *Save our Seas* specialty license plate has primarily focused on links between water quality and its impacts on coral reef health and understanding how that affects the environment's resources - both for recreational and commercial use.
- *Aquaculture Specialty License Plate* - Enacted in 2004, funding generated by the *Aquaculture* specialty license plate goes toward promoting research of aquaculture and advancing technology for use by Florida farmers to challenge the current 91% of the seafood consumed in the U.S. originating abroad.
- *Protect Wild Dolphins Specialty License Plate* - Enacted in 1998, the *Protect Wild Dolphins* specialty license plate allows researchers to study the wild dolphins in the Indian River Lagoon, which, for 25 years, has provided invaluable insight into the ecosystem. Florida is part of the Southeastern region stranding network and these programs are critical in helping Florida wild dolphins.
- *Protect Florida Whales Specialty License Plate* - Enacted in 2002, proceeds generated by the *Protect Florida Whales* specialty license plate go toward a stranding response team and educational efforts. Florida is part of the Southeastern region stranding network and these programs are critical in helping Florida whales.

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# Harbor Branch Oceanographic Institute Foundation, Inc.

## Management's Discussion and Analysis

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### *The Fiscal Year 2024 (FY24) Numbers*

Discretionary and Specialty License Plate Grants for HBOI at FAU totaled payouts of \$5,598,173 for the year ended June 30, 2024, as follows:

### *Discretionary Grants*

*June 30, 2024*

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	Expenses
Using Marine Natural Products to Stop Cancer Immune Escape	\$ 71,668
Mysid distributions, habitats and physical structure: baseline characterization of a key zooplankton group in Florida	58,630
Monitoring fish larval behavior in hypoxic conditions in the IRL using TCSPC-LiDAR	95,911
Effects of ocean water mixing on Harmful Algal Blooms in the Indian River Lagoon	129,505
Developing an approach to remotely detect dinoflagellates	105,979
Acquiring a Replacement NMR Consols in Support of Marine Biomedical Research at HBOI	195,937
Fighting AGE's with Marine Natural Products	80,337
Indian River Lagoon Observatory (IRLO): Addressing Emerging Environmental Issues in a Nationally Significant Estuary	619,936
Impacts of changing environmental drivers on dolphin ecology and resilience	66,434
Florida Center for Coastal and Human Health	200,895
Marilyn Link Memorial Scholarship	5,000
LYL Proceeds - Symposium & Fellowship	87,974
Semester by the Sea	59,451
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	\$ 1,777,657

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# Harbor Branch Oceanographic Institute Foundation, Inc.

## Management's Discussion and Analysis

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### *Specialty License Plate Grants*

Payments from the Foundation for Save Our Seas for FY24 were made as follows:

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Sustainable Use of Florida Sponge-Derived Natural Products through In Vitro (Cell Culture) Production	
Principal Investigator Shirley Pomponi, Ph.D.	\$ 78,098
Development of a coupled physical-biogeochemical-SAV model for predicting harmful algal blooms and water quality in the southwest Florida coastal waters	
Principal Investigator Mingshun Jiang, Ph.D.	117,830
Identifying Emerging Toxins and Beneficial Natural Products from Cultured Marine Phytoplankton	
Principal Investigator Amy Wright, Ph.D.	102,422
The Indian River Lagoon Observatory (IRLO): Addressing Emerging Environmental Issues in an Estuary of National Significance	
Principal Investigator Dennis Hanisak, Ph.D.	264,128
Development of a coupled bio-optical benthic model for retrieving water quality in shallow waters of Indian River Lagoon	
Principal Investigator Tim Moore, Ph.D.	35,516
Understanding the Mechanisms that Drive Community Resilience	
Principal Investigator Krista A McCoy, Ph.D.	72,460
Exploring Florida's Extraordinary Marine Natural Products Diversity Part 2- Defining Structures	
Principal Investigator Amy Wright, Ph.D.	152,062
Tracking Land-based Pollution and Long-term Changes in Nutrient Stoichiometry on the Florida Reef Tract	
Principal Investigator Brian E. LaPointe, Ph.D.	76,938
Caught on Camera! Fine-scale Behavior and Anthropogenic Interactions of Florida's Largest Reef Fish	
Principal Investigator Matt Ajemian, Ph.D.	121,872
Identifying Biomarkers of Health Status and Contaminants Exposure in Florida's Nesting Leatherback Sea Turtles	
Principal Investigator Annie Page-Karjian Ph.D.	37,985
"Investigating Environmental Changes": A Curriculum for High School Students	
Principal Investigator Gabrielle Barbarite, Ph.D.	37,042
Observations and modeling of water quality harmful algal blooms and seagrass in Southwest Florida coastal waters	
Principal investigator Mingshun Jiang, Ph.D.	39,324
Seagrass mapping from high resolution satellite imagery in the Indian River Lagoon	
Principal Investigator Tim Moore, Ph.D.	21,174
Contribution of Organic and Inorganic Suspended Particles to Light Attenuation in the Indian River Lagoon	
Principal Investigator Malcolm McFarland, Ph.D.	19,785
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	\$ 1,176,636

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# Harbor Branch Oceanographic Institute Foundation, Inc.

## Management's Discussion and Analysis

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Payments from the Foundation for Protect Wild Dolphins for FY24 were made as follows:

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HBOI's Marine Mammal Pathology, Tissue Archives, and Database Program Principal Investigator Annie Page-Karjian, DVM, Ph.D.	\$ 38,041
Assessing historical trends of water quality and dolphin health over the last 20 years in Florida's coastal waters Principal Investigator Tim Moore, Ph.D.	26,683
Continuing and Expanding the FAU Harbor Branch Dolphin Spotter Citizen Science Program Principal Investigator Gabrielle Barbarite, Ph.D.	24,260
Foraging ecology and prey status of the bottlenose dolphin in the Indian River Lagoon assessed using genomic tools Principal Investigator Iris Segua-Garcia, Ph.D.	41,143
Dolphin Population Assessment on the East Florida Shelf and Habitat Characterization Principal Investigator Laurent Cherubin, Ph.D.	60,813
Observation and Modeling of Mercury Distributions in the Indian River Lagoon for Understanding the Impacts on Wild Dolphins Principal Investigator Mingshun Jiang, Ph.D.	69,701
Impacts of disturbance, disease, and environmental degradation on estuarine and oceanic wild Florida dolphins Principal Investigator Greg O'Corry-Crowe, Ph.D.	89,618
Assessing trophic transfer of toxins from harmful algae to dolphins using fatty acid markers Principal Investigator Malcolm McFarland, Ph.D.	103,269
Monitoring Dolphin Food Web Health in the IRL Over Time to Predict Resilience and Recovery Principal Investigator Krista McCoy, Ph.D.	223,456
Environmental Drivers of Bottlenose Dolphin Occurrence in the Indian River Lagoon Principal Investigator Brian LaPointe, Ph.D.	76,697
Florida Dolphins Stranding and Population Assessment Program Principal Investigator Steve Burton, Ph.D.	525,963
HBOI's Marine Mammal Pathology, Tissue Archives, and Database Program Principal Investigator Annie Page-Karjian, Ph.D.	192,559
Dolphin behavioral response to anthropogenic activity in offshore and coastal waters Principal Investigator Laurent Cherubin, Ph.D.	153,322
Impact of changing environmental drivers on dolphin ecology and resilience Principal Investigator Greg O'Corry-Crowe, Ph.D.	83,626
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	\$ 1,709,151

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# Harbor Branch Oceanographic Institute Foundation, Inc.

## Management's Discussion and Analysis

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Payments from the Foundation for Protect Florida Whales for FY24 were made as follows:

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Wave glider upgrade for population and behavioral ecology assessment of Florida Whales		
Principal Investigator Laurent Cherubin, Ph.D	\$	88,105
Population, Health, and Behavioral Ecology Assessment of Florida Whales		
Principal Investigator Greg O’Corry-Crowe, Ph.D.		37,947
Florida Whales Stranding and Population Assessment Program		
Principal Investigator Steve Burton, PH.D.		188,578
HBOI’s Marine Mammal Pathology, Tissue Archives, and Database Program		
Principal Investigator Annie Page-Karjian, Ph.D.		102,519
Distribution, Behavioral Ecology, and Genomics of Florida Whales		
Principal Investigator Greg O’Corry-Crowe, Ph.D.		140,097
Filling the Gaps: A humpback whale curriculum for second and fourth grade students		
Principal Investigator Gabrielle Barbarite, Ph.D.		5,337
	\$	562,583

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Payments from the Foundation for Aquaculture for FY24 were made as follows.

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Advanced Technology for IMTA System Management and Products		
Principal Investigator Paul Wills, Ph.D.	\$	84,038
A Paragon of Aquaculture: Educating the Community About Florida Pompano Through a New Exhibit and Outreach Programs		
Principal Investigator Gabrielle Barbarite, Ph.D.		16,998
Advancing Technologies for IMTA System Management and Products		
Principal Investigator, Paul Wills, Ph.D.		194,291
Transcriptomic, Toxicologic, and Histologic Differences Between Supplemented and Non-Supplemented Florida Pompano		
Principal Investigator Annie Page-Karjian, Ph.D.		29,968
“Exploring Florida Aquaculture” Public Workshops		46,851
Principal Investigator Gabrielle Barbarite, Ph.D.		
	\$	372,146

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# Harbor Branch Oceanographic Institute Foundation, Inc.

## Management's Discussion and Analysis

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### *SLP Stranding Groups*

HBOIF released an RFP to Florida Stranding groups for the 2024 fiscal year. Payments from the Foundation for *Protect Florida Whales* and *Protect Wild Dolphins* to Stranding Networks for FY24 were made as follows:

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Blue World Research Institute: Enhanced Assessment and Response Activities for Injured and Entangled Marine Mammals along the FL Atlantic Coastline	\$	10,000
Emerald Coast Wildlife Refuge: Ready for response - Improving response time and capacity to safely respond to stranded cetaceans in ECWR's response region of the Gulf of Mexico		2,906
Hubbs-Sea World Research Institute: Providing high-level stranding response for 40% of Florida's east coast: a region of increased entanglement risk and repeated Unusual Mortality Events		8,962
Clearwater Marine Aquarium: Operational Support to Purchase and ANT Lift Unit for CMA's Cetacean St		10,000
	\$	31,868

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Respectfully submitted,

*Staci Rosalia*

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Staci Rosalia, Executive Director

*Cyndi Permenter*

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Cyndi Permenter, Director of Operations

## Financial Statements

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# Harbor Branch Oceanographic Institute Foundation, Inc.

## Statements of Financial Position

<i>June 30,</i>	2024	2023
<b>Assets</b>		
Cash and cash equivalents	\$ 4,581,778	\$ 6,224,522
Contributions receivable	14,067	45,085
Prepaid expenses and other assets	325,229	60,661
Investments	111,678,540	93,820,746
Property and equipment, net	46,760	56,326
<b>Total Assets</b>	<b>\$ 116,646,374</b>	<b>\$ 100,207,340</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 387,482	\$ 137,527
Due to Harbor Branch Oceanographic Institute at Florida Atlantic University (HBOI at FAU)	1,540,927	1,676,010
<b>Total Liabilities</b>	<b>1,928,409</b>	<b>1,813,537</b>
<b>Commitments and Contingencies (Note 8)</b>		
<b>Net Assets Without Donor Restrictions</b>		
Undesignated	261,347	261,347
Board-designated endowment	102,988,481	87,134,388
<b>Total Net Assets Without Donor Restrictions</b>	<b>103,249,828</b>	<b>87,395,735</b>
<b>Net Assets with Donor Restrictions</b>	<b>11,468,137</b>	<b>10,998,068</b>
<b>Total Net Assets</b>	<b>114,717,965</b>	<b>98,393,803</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 116,646,374</b>	<b>\$ 100,207,340</b>

*See accompanying notes to financial statements.*



# Harbor Branch Oceanographic Institute Foundation, Inc.

## Statements of Activities

Year ended June 30,	2024		2023	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
		Total		Total
<b>Support, Gains (Losses), and Other Revenues</b>				
Specialty license plate contributions	\$ 2,898,851	\$ -	\$ 2,898,851	\$ -
Investment income, net	18,902,517	1,353,577	20,256,094	911,494
Contributions	1,080	-	1,080	7,371
Other income	68,458	231,994	300,452	60,466
Net assets released from restrictions	1,115,502	(1,115,502)	-	(1,456,822)
<b>Total Support, Gains (Losses), and Other Revenues</b>	<b>22,986,408</b>	<b>470,069</b>	<b>23,456,477</b>	<b>(484,862)</b>
<b>Expenses</b>				
Program services:				
Marine and ocean research science	6,181,106	-	6,181,106	78,525
Supporting services:				
General administration	932,860	-	932,860	-
Fundraising	18,349	-	18,349	-
<b>Total Supporting Services</b>	<b>951,209</b>	<b>-</b>	<b>951,209</b>	<b>860,640</b>
<b>Total Expenses</b>	<b>7,132,315</b>	<b>-</b>	<b>7,132,315</b>	<b>78,525</b>
<b>Change in Net Assets</b>	<b>15,854,093</b>	<b>470,069</b>	<b>16,324,162</b>	<b>(563,387)</b>
<b>Net Assets, beginning of year</b>	<b>87,395,735</b>	<b>10,998,068</b>	<b>98,393,803</b>	<b>11,561,455</b>
<b>Net Assets, end of year</b>	<b>\$103,249,828</b>	<b>\$11,468,137</b>	<b>\$114,717,965</b>	<b>\$ 10,998,068</b>

See accompanying notes to financial statements.

# Harbor Branch Oceanographic Institute Foundation, Inc.

## Statements of Cash Flows

<i>Year ended June 30,</i>	<b>2024</b>	<b>2023</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 16,324,162	\$ 10,130,113
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	9,566	10,244
Net unrealized and realized gain on investments	(17,996,067)	(11,716,695)
Cash provided by (used in):		
Contributions receivable	31,018	(45,085)
Prepaid expenses and other assets	(264,568)	2,249
Accounts payable and accrued expenses	249,955	37,523
Due from HBOI at FAU	(135,083)	382,877
<b>Net Cash Used in Operating Activities</b>	<b>(1,781,017)</b>	<b>(1,198,774)</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	9,769,979	15,194,052
Purchases of investments	(9,631,706)	(15,046,607)
Proceeds on sale of land held for investment	-	100,000
<b>Net Cash Provided by Investing Activities</b>	<b>138,273</b>	<b>247,445</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(1,642,744)</b>	<b>(951,329)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>6,224,522</b>	<b>7,175,851</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 4,581,778</b>	<b>\$ 6,224,522</b>

*See accompanying notes to financial statements.*

**Harbor Branch Oceanographic Institute Foundation, Inc.**  
**Statement of Functional Expenses**

*Year ended June 30, 2024*

	Program Services		Supporting Services			Total
	Marine and Ocean Research Science		Administration	General	Fundraising	
Specialty license plate grants to HBOI at FAU	\$ 3,820,516	\$ -	\$ -	\$ -	\$ -	\$ 3,820,516
Discretionary grants to HBOI at FAU	1,777,657	-	-	-	-	1,777,657
Professional services	68,229	740,033	-	-	-	808,262
Marketing	276,132	-	-	-	-	276,132
Salaries and related expenses	93,779	86,871	5,790	92,661	-	186,440
Insurance	49,680	46,021	3,067	49,088	-	98,768
Rent and utilities	42,753	39,604	2,640	42,244	-	84,997
Specialty license plate grants to others	31,868	-	-	-	-	31,868
Travel	2,452	1,962	490	2,452	-	4,904
Computer and website	9,999	1,428	2,857	4,285	-	14,284
Depreciation	4,812	4,457	297	4,754	-	9,566
Promotion and printing	518	518	1,555	2,073	-	2,592
Miscellaneous	2,163	7,571	1,083	8,654	-	10,817
Equipment	129	1,031	129	1,160	-	1,289
Materials and supplies	419	3,355	419	3,774	-	4,193
Postage and freight	-	9	22	31	-	31
<b>Total</b>	<b>\$ 6,181,106</b>	<b>\$ 932,858</b>	<b>\$ 18,347</b>	<b>\$ 951,209</b>	<b>\$ 7,132,315</b>	

*See accompanying notes to financial statements.*

**Harbor Branch Oceanographic Institute Foundation, Inc.**  
**Statement of Functional Expenses**

*Year ended June 30, 2023*

	Program Services		Supporting Services			Total
	Marine and Ocean Research Science	Administration	General	Fundraising	Supporting Services	Total
Specialty license plate grants to HBOI at FAU	\$ 4,388,366	\$ -	\$ -	\$ -	\$ -	\$ 4,388,366
Discretionary grants to HBOI at FAU	1,135,450	-	-	-	-	1,135,450
Professional services	71,180	677,585	-	-	677,585	748,765
Marketing	284,158	-	-	-	-	284,158
Salaries and related expenses	65,056	65,332	2,045	-	67,377	132,433
Insurance	49,177	49,385	1,545	-	50,930	100,107
Rent and utilities	38,551	38,715	1,212	-	39,927	78,478
Specialty license plate grants to others	41,630	-	-	-	-	41,630
Travel	3,197	2,557	639	-	3,196	6,393
Computer and website	9,241	1,320	2,640	-	3,960	13,201
Depreciation	5,032	5,053	158	-	5,211	10,243
Promotion and printing	280	280	840	-	1,120	1,400
Taxes	-	2,528	-	-	2,528	2,528
Miscellaneous Equipment	1,907	4,104	586	-	4,690	6,597
Materials and supplies	109	872	109	-	981	1,090
Postage and freight	342	2,740	343	-	3,083	3,425
	-	16	36	-	52	52
<b>Total</b>	<b>\$ 6,093,676</b>	<b>\$ 850,487</b>	<b>\$ 10,153</b>	<b>\$ -</b>	<b>\$ 860,640</b>	<b>\$ 6,954,316</b>

*See accompanying notes to financial statements.*

# Harbor Branch Oceanographic Institute Foundation, Inc.

## Notes to Financial Statements

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### 1. Nature of Organization and Summary of Significant Accounting Policies

#### *Organization*

Harbor Branch Oceanographic Institute Foundation, Inc. (the Foundation) is a nonprofit corporation organized and operated for the benefit of Harbor Branch Oceanographic Institute (HBOI) at Florida Atlantic University (FAU), which is a component unit of the state of Florida. The Foundation functions as a direct-support organization of FAU and is a component unit (for accounting purposes only) of FAU.

Effective December 31, 2007, in connection with the transfer of its operations and certain assets to FAU under a Memorandum of Understanding (MOU), the Foundation changed its name to Harbor Branch Oceanographic Institution Foundation, Inc. and on August 30, 2010 to Harbor Branch Oceanographic Institute Foundation, Inc. The Foundation retained certain parcels of real property, its endowment fund (see Note 4), and certain other assets and remains a separate tax-exempt charitable organization. The operations and assets were transferred to FAU to provide for the creation of a research institute to be known as Harbor Branch Oceanographic Institute at FAU (HBOI at FAU).

#### *Basis of Accounting*

The financial statements of the Foundation are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

#### *Liquidity*

Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

#### *Cash and Cash Equivalents*

The Foundation considers cash and all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

#### *Contributions Receivable*

Contributions receivable represent unconditional promises to give and are recorded on the date the invoices are received. The Foundation considers whether amounts are fully collectible and records an allowance for doubtful accounts as deemed necessary. Amounts becoming uncollectible will be charged to operations if and when that determination is made. Amounts to be received in future periods greater than one year are generally discounted to their net present value in the year the

# Harbor Branch Oceanographic Institute Foundation, Inc.

## Notes to Financial Statements

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invoice was received. As of June 30, 2024 and 2023, contributions receivable was \$14,067 and \$45,085, respectively, and the entire balance is considered fully collectible.

### ***Investments and Investment Income***

Investments are recorded at their estimated fair value. Donated investments, if any, are recorded at fair value on the date of donation. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the accompanying statements of activities and is shown net of investment management fees.

The Foundation's investment objective is to earn the highest possible total return (capital appreciation and income return) consistent with prudent levels of risk. In terms of relative risk, the volatility of the portfolio should be in line with general market conditions. At a minimum, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of these assets and provide necessary capital to fund an annual spending policy of up to 4.5% based on a three-year rolling average of the market value.

Based on the Foundation's return requirement, the portfolio is constructed using a total return approach with a significant portion of the funds invested to seek growth of principal over time. The assets are to be invested for the long term, and a higher short-term volatility in these assets is to be expected and accepted. The Foundation recognizes the strategic importance of asset allocation and style diversification in the investment performance of the assets over long periods of time. Mutual funds in the form of domestic and international equities, both large and small capitalization, and fixed income as well as alternative investments in the form of hedge funds have been determined to be acceptable vehicles for investments. Additional asset classes and style strategies may be incorporated into the investment philosophy in the future.

### ***Property and Equipment, Net***

Property and equipment are stated at cost less accumulated depreciation. Donated property and equipment is recorded at fair value at the date of donation. When assets are retired or otherwise disposed of, the asset's cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. Maintenance and repairs are charged to expense as incurred; significant renewals and betterments are capitalized. Depreciation is provided for property and equipment using the straight-line method based on estimated useful lives.

### ***Impairment of Long-Lived Assets***

The Foundation reviews its long-lived assets, such as property and equipment and land held for investment (included in investments), for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the discounted cash flows. There was no impairment of long-lived assets during the years ended June 30, 2024 or 2023.

# Harbor Branch Oceanographic Institute Foundation, Inc.

## Notes to Financial Statements

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### ***Due to HBOI at FAU and Grant Expense***

Amounts due to HBOI at FAU include discretionary and research funding grants payable to HBOI at FAU for expenditures that met certain conditions during the year. Discretionary grants are approved by the Foundation's Board of Directors to help fund certain new faculty, provide faculty incentives, salary support, research projects, fellowships, and certain operational supports. Amounts due to HBOI at FAU related to discretionary grants at June 30, 2024 and 2023 were \$541,853 and \$420,209, respectively.

HBOI at FAU is the primary research grantee of the specialty license plate program (SLP). As of June 30, 2024 and 2023, amounts due to HBOI at FAU related to this program were \$999,074 and \$1,255,801, respectively.

Unconditional grants are expensed when they are approved by the Foundation's Board of Directors. Conditional grants are expensed as conditions of the grant are satisfied by the grantee. Grant expense amounted to \$5,630,041 and \$5,565,446 for the years ended June 30, 2024 and 2023, respectively.

### ***Net Assets***

#### ***Net Assets Without Donor Restrictions***

Net assets without donor restrictions represents funds that are available without restriction for carrying out the Foundation's objectives and funds that have been designated by the Foundation's Board of Directors.

#### ***Net Assets with Donor Restrictions***

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. When a restriction expires, donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. If a restricted contribution is fulfilled in the same year in which the contribution is received, the Foundation reports the support as net assets without donor restrictions.

Amounts received that are to be maintained by the Foundation in perpetuity are reported as contributions with donor restrictions.

### ***Contribution Revenue***

The Foundation recognizes contributions when cash, securities, other assets, or an unconditional promise to give is received. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The Foundation did not have any conditional contributions as of June 30, 2024 or 2023.

Contributions of assets other than cash are recorded at fair market value at the date of donation. All contributions are available for unrestricted use unless specifically restricted by the donor.

# Harbor Branch Oceanographic Institute Foundation, Inc.

## Notes to Financial Statements

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### *Functional Allocation of Expenses*

The accompanying financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Salaries and related payroll expenses are allocated among functional categories based on the estimated proportion of each employee's time spent relative to each function. All other expenses are allocated based on management's estimate of the relative functional activity.

### *Income Taxes*

The Foundation is exempt from State income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Statutes. The Foundation did not realize or report any unrelated business income that would be subject to State or state income taxes.

The Foundation identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the statements of financial position. The Foundation has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Foundation would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Foundation's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

### *Fair Value of Financial Instruments*

The Foundation reports its financial instruments using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

*Level 1* - This level consists of unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

*Level 2* - This level consists of inputs other than quoted prices included within Level 2 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

*Level 3* - This level consists of inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.



# Harbor Branch Oceanographic Institute Foundation, Inc.

## Notes to Financial Statements

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Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximates their fair values due to the short-term nature of these instruments. These financial instruments include cash and cash equivalents, accounts payable and accrued expenses, and due to HBOI at FAU.

The Foundation's Level 1 financial assets consist of investments as identified in Note 2 and are valued based on quoted market prices. These investments are valued on a daily basis in an active market.

There are no Level 2 or Level 3 financial instruments.

### ***Leases***

The Foundation determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Foundation determines lease classification as operating or financing at inception.

The Foundation elected to combine lease and non-lease components in calculating ROU assets and lease obligations.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs and lease incentives. The Foundation uses a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Foundation is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. The Foundation has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

As of June 30, 2024 and 2023, the Foundation was not party to any leases resulting in a material right-of-use asset or lease liability.

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# Harbor Branch Oceanographic Institute Foundation, Inc.

## Notes to Financial Statements

### 2. Investments

Investments is comprised of the following:

<i>June 30,</i>	2024	2023
Cash equivalents	\$ 1,365,315	\$ 3,010,295
Land held for investment	591,553	591,553
Level 1 investments:		
Fixed-income mutual funds:		
Short-term	9,912,269	9,856,025
Equity mutual funds:		
Domestic large-cap	99,809,403	80,362,873
<b>Total Level 1 Investments</b>	<b>109,721,672</b>	<b>90,218,898</b>
<b>Total Investments</b>	<b>\$ 111,678,540</b>	<b>\$ 93,820,746</b>

Investment income, net is comprised of the following:

<i>Year ended June 30,</i>	2024	2023
Interest and dividends	\$ 2,358,862	\$ 2,222,792
Net realized/unrealized gain	17,996,067	11,716,695
Investment fees	(98,835)	(68,596)
	<b>\$ 20,256,094</b>	<b>\$ 13,870,891</b>

Cash equivalents refer to cash holdings in the Investment Portfolio, per the investment policy. Cash equivalents held in the investment account represent investments in a Bank Deposit Program account. The funds held in the Bank Deposit Program represents proceeds from investment sales that have not been reinvested. The investment policy allows for investments in highly liquid securities as part of its investment objectives. The cash equivalents held in the investment account will not be used for operations and are presented separately from cash and cash equivalents in the accompanying statements of financial position.

Cash and cash equivalents presented in the accompanying statement of financial position as of June 30, 2024 refer to cash on hand held in SLP Money Market Accounts per specialty license plate (Protect Wild Dolphins - \$1,573,968; Protect Florida Whales - \$691,787; Aquaculture - \$608,806; Save Our Seas - \$1,318,878) and in bank accounts (PNC-Operating - \$137,461; Wells Fargo-SLP - \$140,831; Merrill Lynch - \$109,547) and petty cash of \$500.

Cash and cash equivalents presented in the accompanying statement of financial position as of June 30, 2023 refer to cash on hand held in SLP Money Market Accounts per specialty license plate (Protect Wild Dolphins - \$1,929,577; Protect Florida Whales - \$758,845; Aquaculture - \$657,730; Save Our Seas - \$1,546,337) and in bank accounts (PNC-Operating - \$509,112; Wells Fargo-SLP - \$717,988; Merrill Lynch - \$104,433 and petty cash of \$500.

During the year ended June 30, 2023, the Foundation sold a parcel of its land held for investment for its cost basis of \$100,000.

# Harbor Branch Oceanographic Institute Foundation, Inc.

## Notes to Financial Statements

### 3. Property and Equipment

Property and equipment are comprised of the following:

*June 30,*

	2024	2023	Useful Life (Years)
Buildings and building improvements	\$ 58,760	\$ 58,760	10-40
Software	23,699	23,699	15
Land improvements	250,445	250,445	5-50
Furniture and equipment	50,736	50,736	7
	<b>383,640</b>	<b>383,640</b>	
Less: accumulated depreciation	<b>(336,880)</b>	<b>(327,314)</b>	
<b>Property and Equipment, Net</b>	<b>\$ 46,760</b>	<b>\$ 56,326</b>	

### 4. Net Assets with Donor Restrictions and Releases from Restrictions

Net assets with donor restrictions are available as follows:

*June 30,*

	2024	2023
Seward Johnson Trust Fund for Oceanography	\$ 7,440,696	\$ 6,205,333
Specialty License Plate Program	3,870,455	4,635,749
Indian River Lagoon Graduate Research Fellows Program	156,986	156,986
	<b>\$ 11,468,137</b>	<b>\$ 10,998,068</b>

Net assets were released from restrictions from the following sources:

*Year ended June 30,*

	2024	2023
Seward Johnson Trust Fund for Oceanography	\$ 118,214	\$ 69,160
Specialty License Plate Program	997,288	1,309,137
Indian River Lagoon Graduate Research Fellows Program	-	78,525
	<b>\$ 1,115,502</b>	<b>\$ 1,456,822</b>

#### *Seward Johnson Funds*

The J. Seward Johnson, Sr. Charitable Trust Endowment Fund (the Fund) was a donor-restricted term endowment fund established in 1994. The primary objective of the Fund was to provide a long-term flow of income to the Foundation. Accordingly, contributions to the Fund were recorded as with donor restrictions. The Foundation's annual expenditures from the Fund were limited to 5% of the annual average fair market value of the Fund and recorded as net assets released from restrictions in the accompanying statements of activities. The investment income, including gains, losses, dividends, and interest earned on the balance of the Fund, was included in the accompanying statements of activities as with donor restrictions. The Fund terminated on June 30, 2020, at which time it converted to a board-designated endowment fund held by the Foundation for its exclusive long-term use, benefit, or purposes and all remaining funds were released from restrictions.

# Harbor Branch Oceanographic Institute Foundation, Inc.

## Notes to Financial Statements

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The Seward Johnson Trust Fund for Oceanography (the SJ Fund) is a donor-restricted fund and is not an endowment fund. The primary objective of the SJ Fund is to operate and maintain the Johnson-Sea-Link submersibles. The secondary objective of the SJ Fund is to support underwater oceanography and for other oceanographic purposes. The investment income, including gains, losses, dividends, and interest, earned on the balance of the SJ Fund is included in the accompanying statements of activities as with donor restrictions. Under certain circumstances, the principal of the SJ Fund may be used at the discretion of the Foundation.

The Foundation has an annual spending policy of up to 4.5% based on a three-year rolling average of the market value of the endowment funds, including the board-designated endowment fund.

Changes in the Foundation's endowment fund is as follows:

	Board-Designated Endowment Fund
<b>Endowment Net Assets, June 30, 2022</b>	\$ 76,653,407
Interest and dividends	2,077,445
Net realized loss on investments	(1,614,524)
Net unrealized gain on investments	12,565,072
Distributions	(2,547,012)
<b>Endowment Net Assets, June 30, 2023</b>	87,134,388
Interest and dividends	2,201,685
Net realized gain on investments	67,707
Net unrealized gain on investments	16,731,960
Distributions	(3,147,259)
<b>Endowment Net Assets, June 30, 2024</b>	\$ 102,988,481

The Foundation follows the state of Florida Uniform Prudent Management of Institutional Funds Act (UPMIFA), which establishes law for the management and investment of board-designated and donor-restricted endowment funds. The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classified as net assets with donor restrictions (a) the original value of gifts donated to all donor-restricted endowments, (b) the original value of any subsequent gifts to donor-restricted endowments, and (c) the original value of accumulations to donor-restricted permanent endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation was added to the fund.

UPMIFA permits the Foundation to appropriate for expenditure or accumulate so much of an endowment fund as it determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. In making its determination to appropriate or accumulate, the Foundation must act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and it must consider, if relevant, the following factors:

- The duration and preservation of the endowment fund.
- The purposes of the Foundation and the donor-restricted endowment fund.
- General economic conditions.

# Harbor Branch Oceanographic Institute Foundation, Inc.

## Notes to Financial Statements

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- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Foundation.
- The investment policy of the Foundation.

### 5. Retirement Plan

The Foundation established a 401(k) Profit Sharing Plan and Trust (the Plan), effective January 1, 2012. During fiscal year 2019, the Plan was changed to a Safe Harbor 401(k) plan. Employees must be 21 years of age to participate and become eligible immediately upon employment. The Plan provides for up to a 4% dollar for dollar match on employee contributions and 100% vesting on employer matching contributions after three years of service. Total employer contributions to the Plan for the years ended June 30, 2024 and 2023, were \$10,757 and \$7,171, respectively, and are included in salaries and related expenses in the accompanying statements of functional expenses.

### 6. Financial Assets and Liquidity Resources

Financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

<i>June 30,</i>		2024		2023
Cash and cash equivalents	\$	261,347	\$	261,347
Investments		4,249,381		3,983,925
<b>Total Financial Assets Available to Management for General Expenditure Within One Year</b>	<b>\$</b>	<b>4,510,728</b>	<b>\$</b>	<b>4,245,272</b>

The assets of the Foundation's investment portfolio are invested according to the Foundation's adopted investment policies and using the services of an outside investment consultant. The Foundation's investment policy statement has an annual spending rate from its investments of up to 4.5% of the prior three year rolling average market value. This annual spending rate was approved by the Foundation's Board of Directors and can be modified as considered necessary through a board resolution. The estimated annual spend amount is shown as investments available for general expenditure. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Foundation invests cash in excess of daily requirements through the asset allocation within the investment portfolio.

### 7. Concentrations of Credit Risk

The Foundation's financial instruments that are exposed to concentrations of credit risk consist of cash and cash equivalents, which include accounts placed with Stately insured financial institutions. While such accounts may at times exceed Stately insured limits, the Foundation has policies in place to move excess as soon as possible and has not experienced any losses on such accounts.

# Harbor Branch Oceanographic Institute Foundation, Inc.

## Notes to Financial Statements

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The Foundation has significant investments in mutual funds that are also subject to concentrations of credit risk. Investments are made by investment managers engaged by the Foundation and the investments are monitored for the Foundation by an investment consultant with input by the Foundation's Finance Committee. Although the market value of investments is subject to fluctuations on a day-to-day basis, management believes that the investment policy is prudent for the long-term welfare of the Foundation and its beneficiaries.

### 8. Commitments and Contingencies

#### *Specialty License Plates*

Under Florida statute, the purpose of the specialty license plate program is to raise funds for a particular cause and on behalf of a legislatively dictated organization. Each specialty license plate requires an annual use fee which is a volunteer purchase. The specialty license plates administered by the Foundation are: Aquaculture, Protect Wild Dolphins, Protect Florida Whales, and Save Our Seas. HBOI at FAU is the primary research sub-recipient of the Foundation. The Foundation also stewards a state-allowed marketing budget and directly oversees marketing responsibilities for the plates.

The Foundation is subject to audit examination by the state of Florida to determine compliance with requirements in connection with the specialty license plate funds. In the event that expenditures would be disallowed, repayment could be required. Management is of the opinion that expenditures that would be disallowed, if any, would not have a material adverse impact on the Foundation.

#### *Litigation - The Foundation v. FAU*

At a special board meeting held March 30, 2017, the Board of Directors of the Foundation resolved that its officers were authorized to direct independent legal counsel to file a complaint for declaratory relief seeking assistance from the court to determine that certain actions and demands by FAU were an inappropriate exercise of its rights under the December 2007 MOU between the two parties and that FAU had anticipatorily breached its contractual obligations to the Foundation. Following the adoption of Resolution 2017-1 at that meeting, a complaint was filed by the Foundation in the Circuit Court of the Nineteenth Judicial Circuit in and for St. Lucie County, Florida.

In September 2017, the original judge assigned to the case recused himself due to possible conflicts of interest. In-person mediation was held December 20, 2017, followed by continued negotiations between the parties through the mediator. The case did not settle, and the mediator declared an impasse.

In September 2018, FAU filed a motion for partial summary judgment, in which FAU requests a legal ruling in advance of trial that FAU has the right to control the Foundation's budget. The Foundation opposed FAU's motion, arguing that FAU had no such right under the terms of the MOU. The Court scheduled a hearing on FAU's motion for summary judgment for December 6, 2018. At that hearing, the second assigned judge recused himself due to possible conflicts of interest.

In April 2019, the Foundation was notified the assigned judge was being appointed Chief Judge, and therefore rotating off the case, effective July 1, 2019.

# Harbor Branch Oceanographic Institute Foundation, Inc.

## Notes to Financial Statements

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In May 2019, the Foundation broadened the initial complaint to add Count II to include a claim that FAU had committed an anticipatory breach of its obligations under the MOU entered into in December 2007.

In June 2019, FAU filed a motion to dismiss Count II of the Foundation's Amended Complaint. The hearing regarding FAU's motion to dismiss was held on September 25, 2019. The Court denied the motion with respect to FAU's argument that the Foundation failed to state a claim for breach of the MOU as a matter of law. The Court granted the motion, in part, to require the Foundation to provide additional factual allegations to support its claim.

On August 22, 2020, the Court denied FAU's motion for partial summary judgment on its counterclaim. More specifically, the Court declined to hold that FAU has the power to control Foundation's budget as a matter of law. On June 10, 2021, the Court held a hearing on the parties' multiple cross-motions for summary judgment.

In November 2021, the Court entered a series of three orders that denied FAU's motions for summary judgment and ruled in favor of the Foundation on some of the legal issues raised in the Foundation's motions. There was a four-day non-jury trial that began on November 8, 2021 and a final judgment was issued by the trial court on December 3, 2021. In January 2022, both parties appealed the judgment.

On September 20, 2023, the Fourth District Court of Appeals rendered a decision affirming the trial court's judgment in its entirety. FAU filed a notice of appeal to the Florida Supreme Court and the Foundation filed a notice of cross appeal. As of the date of this report, the parties are awaiting an opinion from the Florida Supreme Court. No evaluation of probability of an unfavorable outcome or estimation of the range of possible loss, if any, can be made at this time. No damages are sought by either party.

Legal expenses incurred during the years ended June 30, 2024 and 2023 relating to this litigation amounted to \$566,364 and \$520,233, respectively, which are included in professional services on the accompanying statements of functional expenses.

### ***Environmental Contingencies***

In 1997, the then Harbor Branch Oceanographic Institution, along with other potentially responsible parties, organized a Florida Petroleum Reprocessors (FPR) Superfund Site PRP Group (the Group) for the purpose of addressing environmental response costs in connection with a used oil recycling facility located in Broward County, Florida. The Group agreed to share expenses on a pro-rata basis associated with resolving alleged liability and to fund remedial design/remedial action as may be needed. The Foundation's pro-rata share of future costs is currently expected to be around 1.7% of clean-up costs, including, without limitation, fees and costs incurred. In 2016, the Group projected it has raised enough funds to pay for implementation of remedy. When FAU obtained Harbor Branch Oceanographic Institute assets in 2007, the Foundation agreed to retain responsibility for participation in the Group. To date, the Foundation has satisfied its financial obligations to the Group for work already completed or underway at the site. Management does not believe that the outcome of such claims and any related legal action will have a material adverse effect on the financial position, results of activities or cash flows of the Foundation.

# Harbor Branch Oceanographic Institute Foundation, Inc.

## Notes to Financial Statements

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The Group received the last status report in August 2020. Periodic sampling of groundwater is the main component of the monitored natural attenuation remedy for the FPR site. Under the approved protocol with the United States Environmental Protection Agency (EPA), the Group is required to conduct groundwater sampling, both on and off site, every three years. Sampling was done in August 2024 and the Group is awaiting the results as of the date of this report.

In the status report, \$490,000 was reported in the Group's escrow account; there are unknown FPR oversight costs for which EPA will bill at some point, but it was reported that these appeared to be adequate funds for the foreseeable future. The Foundation estimates its potential additional liability at \$17,000 (1.7% of a possible \$1,000,000 for the Group), which is not reflected in the accompanying financial statements as it is not considered material and the final amount is unknown at the date of this report.

### ***General Legal***

The Foundation may be subject to claims and legal proceedings which arise in the ordinary course of business. Management does not believe that the outcome of such claims and any related legal action will have a material adverse effect on the financial position, results of activities, or cash flows of the Foundation.

### ***Research***

The Foundation has committed finite grants subject to specified terms to help fund the addition of certain new faculty, provide faculty incentives, provide salary support, research projects, fellowships, and certain operational support to HBOI at FAU. The total expected commitment as of June 30, 2024 and 2023 was \$1,564,023 and \$899,370, respectively. This funding is conditional upon the recipient performing specified activities. These grant commitments have not been reflected in the accompanying financial statements since the conditions for performance have not been met.

## **9. Related Party Transactions**

The law firm of a non-voting board member of the Foundation provides legal services to the Foundation. Payments to the law firm for the years ended June 30, 2024 and 2023 were \$27,200 and \$42,720, respectively.

## **10. Subsequent Events**

The Foundation has evaluated events and transactions occurring subsequent to June 30, 2024 as of December 6, 2024, the date the financial statements were available to be issued. Subsequent events occurring after December 6, 2024 have not been evaluated by management. No material events have occurred since June 30, 2024.



## Supplementary Information

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**Harbor Branch Oceanographic Institute Foundation, Inc.**  
**Schedule of Specialty License Plate Revenue and Expenses**

*Year ended June 30, 2024*

Plate	Total Revenue by Plate	HBOI at FAU Research Grants	Grants to Others	Expenses			Total Expenses by Plate
				3% Foundation Admin Fee	Marketing Expense		
Protect Wild Dolphins	\$ 1,077,952	\$ 1,709,151	\$ 23,901	\$ 32,339	\$ 98,271	\$ 1,863,662	
Protect Florida Whales	408,833	562,583	7,967	13,628	41,045	625,223	
Aquaculture	321,750	372,146	-	10,725	32,836	415,707	
Save Our Seas	1,090,316	1,176,636	-	36,344	103,980	1,316,960	
	\$ 2,898,851	\$ 3,820,516	\$ 31,868	\$ 93,036	\$ 276,132	\$ 4,221,552	

*See accompanying note to schedule of specialty license plate revenue and expenses.*

# Harbor Branch Oceanographic Institute Foundation, Inc.

## Note to Schedule of Specialty License Plate Revenue and Expenses

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### 1. Note to Schedule

Under Florida Statute (Title XXIII Motor Vehicles, Chapter 320, Motor Vehicle Licenses) the annual use fees generated by the four specialty license plates shall be distributed to the Harbor Branch Oceanographic Institute Foundation, Inc. (the Foundation), to be used as follows:

#### *Protect Wild Dolphins*

- Up to 15% of the funds received by the Foundation, may be expended for administrative costs directly associated with the operations of the institution.
- Up to 10% of the funds distributed may be used by the Foundation, for continuing promotion and marketing of the license plate.
- The remainder of the funds must be used to collect, analyze, and archive scientific data regarding the wild dolphin population in Florida waters; provide care and assistance to stranded wild dolphins; distribute information to the scientific community, State, state, and local government agencies, educational institutions, and the public for the purpose of protecting and preserving wild dolphins; individually identify wild dolphins through a photographic identification program; and advance the research technology associated with tracking and categorizing wild dolphins.

#### *Protect Florida Whales*

- 10% of the funds shall be distributed to the Wyland Foundation, Inc. and used specifically to conduct educational programs in this state that promote conservation of Florida marine mammals. These distributions were not included in specialty license plate revenues and expenses since the Foundation acts as an agent of the funds and has no discretion over the amount to be distributed.
- Up to 15% of the funds received by the Foundation may be used for administrative costs directly associated with the Harbor Branch Oceanographic Institution's Marine Mammal Research and Conservation program and this specialty license plate funding.
- Up to 10% of the funds may be used by the Foundation for continuing promotion and marketing of the license plate.
- The remainder of the funds shall be used to collect, analyze, and archive scientific data regarding whale populations that inhabit, utilize, or migrate in state waters; provide care and assistance to stranded whales; construct and maintain a Harbor-Branch-based teaching marine mammal hospital; train veterinary students in the rescue, medical and rehabilitation treatment, and release and post-release monitoring of stranded whales; distribute information for the purpose of protecting and preserving whales; identify whale populations; conduct scientific research through genetic, telemetry, bio acoustical, and photographic identification research programs; advance the research technology associated with tracking, monitoring, and categorizing whales; develop methods of monitoring whale movements; and provide for methods of early-warning detection systems and advance notification that will help prevent accidental boat strikes in state waters.

# Harbor Branch Oceanographic Institute Foundation, Inc.

## Note to Schedule of Specialty License Plate Revenue and Expenses

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### *Aquaculture*

- 10% of the funds shall be distributed to the Guy Harvey Research Institute of the Nova Southeastern University Oceanographic Center to conduct outreach and education regarding aquaculture in the state. These distributions were not included in specialty license plate revenues and expenses since the Foundation acts as an agent of the funds and has no discretion over the amount to be distributed.
- Up to 15% of the funds may be used for administrative costs directly associated with the Foundation's aquaculture programs and administrative costs associated with the Aquaculture license plate.
- Up to 10% of the funds may be used by the Foundation for continuing promotion and marketing of the license plate.
- The remaining funds shall be used to conduct scientific research on environmentally responsible and sustainable methods of farming freshwater and saltwater organisms, such as fish, shellfish, and crustaceans, for food; biomedical species for pharmaceutical and nutraceutical compounds; and marine ornamentals for the aquarium trade. These funds shall also be used to expand the institution's educational programs that include secondary school field experiences, college degree programs, and intensive courses in order to further the objective of increasing aquaculture's contribution to the state's economy.

### *Save Our Seas*

- 10% of the funds shall be distributed to the Guy Harvey Research Institute of the Nova Southeastern University Oceanographic Center to conduct fisheries and shark research in the state. These distributions were not included in specialty license plate revenues and expenses since the Foundation acts as an agent of the funds and has no discretion over the amount to be distributed.
- Up to 15% of the funds may be used for administrative costs directly associated with the institution.
- Up to 10% of the funds may be used for continuing promotion and marketing of the license plate.
- The remaining funds shall be used to conduct scientific research and education on marine plants and animals and coastal oceanography in state marine waters; to collect and analyze long-term data sets on the state's critical marine habitats; to determine changes in populations and communities of marine organisms and their impacts on the use of the state's marine resources; to maintain reference collections of scientific specimens and photographic archives of the state's marine plants and animals; and to conduct scientific conferences of relevance to the state's marine resources and their management, utilization, and conservation.

**Reports Required by *Government Auditing Standards*  
and Florida Single Audit Act**

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450 S Orange Ave, Suite 550  
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## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Board of Directors  
Harbor Branch Oceanographic Institute Foundation, Inc.  
Vero Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Harbor Branch Oceanographic Institute Foundation, Inc. (the Foundation), which comprise the Foundation's statement of financial position as of June 30, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2024.

### **Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 were not identified.

### **Report on Compliance and Other Matters**

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

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compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*BDO USA, P.C.*

December 6, 2024



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## **Independent Auditor's Report on Compliance for each of the Major State Financial Assistance Projects and Report on Internal Control Over Compliance Required by Chapter 10.650, *Rules of the Auditor General***

The Board of Directors  
Harbor Branch Oceanographic Institute Foundation, Inc.  
Vero Beach, Florida

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

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

We have audited Harbor Branch Oceanographic Institute Foundation, Inc.'s (the Foundation) compliance with the types of compliance requirements identified as subject to audit in the State of Florida's Department of Financial Services State Projects Compliance Supplement could have a direct and material effect on each of the Foundation's major state projects for the year ended June 30, 2024. The Foundation's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended June 30, 2024.

#### ***Basis for Opinion on Each Major State Projects***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of State of Florida, Chapter 10.650, *Rules of the Auditor General*. 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 Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state project. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

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

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### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and State of Florida, Chapter 10.650, *Rules of the Auditor General*, 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 Foundation's compliance with the requirements of each major state project as a whole.

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

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

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

### **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.

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

*BDO USA, P.C.*

December 6, 2024

# Harbor Branch Oceanographic Institute Foundation, Inc.

## Schedule of Expenditures of State Financial Assistance

*Year ended June 30, 2024*

State Agency/State Project	State CSFA Number	Total Expenditures	Provided to Legislatively Required Sub-Recipients and SLP Grantees
<b>Florida Department of Highway Safety and Motor Vehicles</b>			
Protect Wild Dolphins License Plate Project	76.011	\$ 1,863,662	\$ 1,733,052
Protect Florida Whales License Plate Project	76.072	670,648	615,976
Florida Aquaculture License Plate Project	76.080	451,457	407,896
Save Our Seas License Plate Project	76.085	1,438,107	1,297,783
<b>Total Expenditures of State Financial Assistance</b>		<b>\$ 4,423,874</b>	<b>\$ 4,054,707</b>

*See accompanying notes to schedule of expenditures of state financial assistance.*

# Harbor Branch Oceanographic Institute Foundation, Inc.

## Notes to Schedule of Expenditures of State Financial Assistance

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### 1. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state financial assistance project activity of Harbor Branch Oceanographic Institute Foundation, Inc. (the Foundation) for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of the state of Florida Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Foundation.

### 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Section 215.97, *Florida Statutes*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Harbor Branch Oceanographic Institute Foundation, Inc.**  
**Schedule of Findings and Questioned Costs - State Financial Assistance**

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

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                           yes        X   no
- Significant deficiency(ies) identified?                   yes        X   none reported

Noncompliance material to financial statements noted?

       yes        X   no

***State Projects***

Internal control over major state projects:

- Material weakness(es) identified?                           yes        X   no
- Significant deficiency(ies) identified?                   yes        X   none reported

Type of auditor's report issued on compliance for major state projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.656?

       yes        X   no

Identification of major state projects:  
 Florida Department of Highway Safety and Motor Vehicles:

State CSFA Number

76.072  
 76.080  
 76.085

Name of State Program or Cluster  
 Protect Florida Whales License Plate Project  
 Save our Seas License Plate Project  
 Aquaculture License Plate Project

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

**Section II - Financial Statement Findings**

There were no findings related to the financial statements that are required to be reported, in accordance with generally accepted government auditing standards.

**Harbor Branch Oceanographic Institute Foundation, Inc.**  
**Schedule of Findings and Questioned Costs - State Financial Assistance**

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**Section III - Findings and Questioned Costs - Major State Financial Assistance Projects**

No matters were reported.

**Section IV - Management Letter**

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