

SEA EDUCATION ASSOCIATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022



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**SEA EDUCATION ASSOCIATION, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Sea Education Association, Inc.
Woods Hole, Massachusetts

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sea Education Association, Inc., which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sea Education Association, Inc. as of June 30, 2023 and 2022, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sea Education Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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 Sea Education Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sea Education Association, Inc.'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.



CliftonLarsonAllen LLP

Quincy, Massachusetts
November 14, 2023

SEA EDUCATION ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 2,847,875	\$ 3,111,745
Tuition Receivable, Net	883,222	343,128
Contributions Receivable, Net	264,347	956,633
Prepaid Expenses and Other Receivables	176,148	263,459
Property, Vessels, and Equipment, Net	10,870,871	6,891,400
Investments	8,306,031	9,102,684
Total Assets	\$ 23,348,494	\$ 20,669,049
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 307,163	\$ 214,431
Accrued Compensated Absences	45,085	50,273
Advance Tuition and Deposits	1,923,332	912,416
Deferred Contribution and Grant Revenue	56,880	235,247
Total Liabilities	2,332,460	1,412,367
NET ASSETS		
Without Donor Restrictions	12,569,163	11,212,225
With Donor Restrictions	8,446,871	8,044,457
Total Net Assets	21,016,034	19,256,682
Total Liabilities and Net Assets	\$ 23,348,494	\$ 20,669,049

See accompanying Notes to Financial Statements.

SEA EDUCATION ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING						
REVENUE AND OTHER SUPPORT						
Tuition and Fees	\$ 2,625,957	\$ -	\$ 2,625,957	\$ 3,353,255	\$ -	\$ 3,353,255
Less: Deductions for Financial Assistance	(234,012)	-	(234,012)	(626,776)	-	(626,776)
Net Tuition and Fees	2,391,945	-	2,391,945	2,726,479	-	2,726,479
Contributions	1,234,305	212,897	1,447,202	985,284	567,311	1,552,595
Endowment Income Used for Operations	706,300	-	706,300	296,800	-	296,800
Grants	574,435	-	574,435	531,029	-	531,029
Seminar and Other Fees, Net	414,316	-	414,316	713,971	-	713,971
Other Income	189,622	-	189,622	280,802	-	280,802
Interest and Dividend Income	54,376	107,184	161,560	33,757	87,685	121,442
Contributions under the Paycheck Protection Program	-	-	-	787,152	-	787,152
Net Assets Released from Restrictions	93,226	(93,226)	-	400,100	(400,100)	-
Total Revenues and Other Support	5,658,525	226,855	5,885,380	6,755,374	254,896	7,010,270
EXPENDITURES						
Program Services	6,757,289	-	6,757,289	5,233,563	-	5,233,563
Management and General	1,676,508	-	1,676,508	1,363,151	-	1,363,151
Development	439,041	-	439,041	338,197	-	338,197
Total Expenditures	8,872,838	-	8,872,838	6,934,911	-	6,934,911
Change in Net Assets from Operating Activities	(3,214,313)	226,855	(2,987,458)	(179,537)	254,896	75,359
NONOPERATING						
Contributions Restricted for Endowment and Other Long-Term Purposes	104,275	4,588,724	4,692,999	66,276	237,232	303,508
Capital Campaign Expenses	(75,001)	-	(75,001)	(136,474)	-	(136,474)
Net Realized and Unrealized Gains (Losses) on Investments	249,911	585,201	835,112	(327,291)	(952,945)	(1,280,236)
Endowment Income Used for Operations	(368,600)	(337,700)	(706,300)	(5,400)	(291,400)	(296,800)
Net Assets Released from Restrictions	4,660,666	(4,660,666)	-	501,027	(501,027)	-
Change in Net Assets from Nonoperating Activities	4,571,251	175,559	4,746,810	98,138	(1,508,140)	(1,410,002)
CHANGE IN NET ASSETS	1,356,938	402,414	1,759,352	(81,399)	(1,253,244)	(1,334,643)
Net Assets - Beginning of Year	11,212,225	8,044,457	19,256,682	11,293,624	9,297,701	20,591,325
NET ASSETS - END OF YEAR	<u>\$ 12,569,163</u>	<u>\$ 8,446,871</u>	<u>\$ 21,016,034</u>	<u>\$ 11,212,225</u>	<u>\$ 8,044,457</u>	<u>\$ 19,256,682</u>

See accompanying Notes to Financial Statements.

SEA EDUCATION ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023				2022			
	Program Services	Management and General	Development	Total	Program Services	Management and General	Development	Total
Salaries and Wages	\$ 2,575,528	\$ 919,949	\$ 345,772	\$ 3,841,249	\$ 2,110,570	\$ 758,872	\$ 243,906	\$ 3,113,348
Payroll Taxes	201,088	65,792	25,298	292,178	162,107	55,016	18,073	235,196
Pension Plan Contributions	47,105	22,038	8,772	77,915	38,680	21,076	6,724	66,480
Other Employee Benefits	157,374	214,233	17,912	389,519	99,715	144,616	12,952	257,283
Total Personnel Expenses	<u>2,981,095</u>	<u>1,222,012</u>	<u>397,754</u>	<u>4,600,861</u>	<u>2,411,072</u>	<u>979,580</u>	<u>281,655</u>	<u>3,672,307</u>
Food	283,446	-	-	283,446	230,292	-	-	230,292
Fuel	140,524	-	-	140,524	112,635	-	-	112,635
Grants	566,582	-	-	566,582	493,133	-	-	493,133
Insurance	302,317	32,416	-	334,733	269,786	27,451	-	297,237
Occupancy	108,316	25,304	3,750	137,370	90,644	12,303	1,823	104,770
Shipboard Maintenance and Repairs	476,634	-	-	476,634	220,015	-	-	220,015
Travel	338,531	84,072	14,453	437,056	165,021	34,671	3,250	202,942
Other Supplies and Services	881,917	284,484	18,902	1,185,303	672,061	293,504	49,150	1,014,715
Total Expenses Before Depreciation	<u>6,079,362</u>	<u>1,648,288</u>	<u>434,859</u>	<u>8,162,509</u>	<u>4,664,659</u>	<u>1,347,509</u>	<u>335,878</u>	<u>6,348,046</u>
Depreciation	677,927	28,220	4,182	710,329	568,904	15,642	2,319	586,865
Total Operating Expenses	<u>6,757,289</u>	<u>1,676,508</u>	<u>439,041</u>	<u>8,872,838</u>	<u>5,233,563</u>	<u>1,363,151</u>	<u>338,197</u>	<u>6,934,911</u>
Capital Campaign Expenses	-	-	75,001	75,001	-	-	136,474	136,474
Total Expenses	<u>\$ 6,757,289</u>	<u>\$ 1,676,508</u>	<u>\$ 514,042</u>	<u>\$ 8,947,839</u>	<u>\$ 5,233,563</u>	<u>\$ 1,363,151</u>	<u>\$ 474,671</u>	<u>\$ 7,071,385</u>

See accompanying Notes to Financial Statements.

SEA EDUCATION ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,759,352	\$ (1,334,643)
Adjustments to Reconcile the Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	710,329	586,865
Net Realized and Unrealized (Gains) Losses on Investments	(835,112)	1,280,236
Loss on Disposal of Property and Equipment	1,177	-
Contributions Restricted for Endowment and Other Long-Term Purposes	(4,692,999)	(303,508)
Contributions Received Under Paycheck Protection Program	-	(787,152)
(Increase) Decrease in Operating Assets:		
Tuition Receivable, Net	(540,094)	(293,263)
Contributions Receivable, Net	65,579	168,081
Prepaid Expenses and Other Receivables	87,311	(91,914)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	92,732	23,183
Accrued Compensated Absences	(5,188)	18,907
Advance Tuition and Deposits	1,010,916	414,387
Deferred Contribution and Grant Revenue	(178,367)	(27,825)
Net Cash Used by Operating Activities	(2,524,364)	(346,646)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property, Vessels, and Equipment	(4,690,977)	(538,633)
Purchases of Investments	(1,642,000)	(2,910,528)
Proceeds from Sale of Investments	3,273,765	2,837,993
Net Cash Used by Investing Activities	(3,059,212)	(611,168)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for Endowment and Other Long-Term Purposes	5,319,706	303,508
Net Cash Provided by Financing Activities	5,319,706	303,508
CHANGE IN CASH AND CASH EQUIVALENTS	(263,870)	(654,306)
Cash and Cash Equivalents - Beginning of Year	3,111,745	3,766,051
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,847,875	\$ 3,111,745

See accompanying Notes to Financial Statements.

SEA EDUCATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 GENERAL

Sea Education Association, Inc. (the Association) is a Massachusetts nonprofit educational institution dedicated to exploration, understanding, and stewardship of the oceans, and to the study of humanity's relationship with the oceans. The Association offers college students an interdisciplinary curriculum, on shore and at sea aboard tall ships, that provides challenging voyages of scientific discovery, academic rigor, and personal growth. In addition, the Association also provides summer programs for high school students.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statements

The accompanying financial statements are presented on the accrual basis of accounting in accordance with the reporting standards for nonprofit organizations. Generally accepted accounting principles (GAAP) require classification of net assets and revenues, expenses, gains, and losses into categories based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions represent available resources other than donor-restricted contributions. On occasion, the board of trustees designates a portion of net assets without donor restrictions for the purpose of funds functioning as an endowment. These resources may be expended at the discretion of the board of trustees.

Net Assets With Donor Restrictions – Net assets with donor restrictions represent 1) contributions that are restricted by the donor as to purpose or time of expenditure 2) contributions that require that the principal be maintained in perpetuity but permit the Association to expend the income earned thereon, and 3) the accumulated investment income and gains on donor-restricted endowment assets that have not been appropriated for expenditure.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Expirations of restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated time period has elapsed, are reported as net assets released from restrictions.

SEA EDUCATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operations

The statements of activities present changes in net assets from operating and nonoperating activities. Operating activities consist of those revenues and expenses related to educational and general programs of the Association, including annual fund contributions to support these programs. It also includes interest and dividends and endowment appreciation used for operations under the Association's endowment spending policy. Nonoperating activities consist of contributions for long-term purposes (e.g., facilities and endowment), any related capital campaign costs, and investment results (other than those used to support operations), as well as unusual items not directly related to the Association's educational and general programs (e.g., sales of property, vessels, and equipment).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make use of 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. It is at least possible that the estimates will change within the next year.

Contributions

Contributions are recognized when the donor makes a donation or a promise to give (pledge) in writing to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, the net assets are released to net assets without donor restrictions. Conditional promises to give are not included as support until the conditions are substantially met.

Unconditional pledges are recorded net of an allowance for uncollectible amounts. Those pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions.

Donated Services

The Association received a significant amount of donated services from unpaid volunteers. No amounts have been recognized on the statements of activities because the criteria for recognition under accounting standards have not been satisfied.

Tax-Exempt Status and Income Taxes

The Association is incorporated under the laws of the Commonwealth of Massachusetts and is qualified as a tax-exempt organization (and is classified as other than a private foundation) subject to the provisions of the Internal Revenue Code Section 501(c)(3).

SEA EDUCATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Vessels, and Equipment

Purchases of property, vessels, and equipment are recorded at cost. Maintenance and repairs are expensed as incurred. When items of property, vessels, or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in nonoperating activities.

Donations of property, vessels, and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Financial assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property, vessels, and equipment would be reported as with donor restriction support. The Association reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Association reclassifies with donor restriction net assets to without donor restriction net assets at that time.

The Association provides for depreciation on a straight-line basis over various estimated useful lives as follows:

Administrative and Classroom Facilities	3 to 31.5 Years
Housing Buildings	10 to 27.5 Years
Housing Furnishings	5 to 7 Years
Equipment	3 to 20 Years
Motor Vehicles	10 Years
Vessels	3 to 40 Years

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains (losses) include the Association's gains and losses on investments bought and sold as well as held during the year.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in value of investment securities could occur in the near term, and that such change could materially affect investment balances and activity included in the financial statements. Realized gains and losses are determined using the average cost basis and are presented net of management and custodial fees. Purchases and sales of securities are accounted for using the trade date.

SEA EDUCATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment

The Association's endowment funds include both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Association classifies, as net assets with donor restrictions, the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanent endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Association's spending policy and in accordance with the original restriction on the gift.

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to enhance or preserve the long-term purchasing power, while assuming a moderate level of investment risk.

To satisfy its long-term, rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that includes equity, fixed income, and cash-based investments to achieve its long-term return objectives within prudent risk constraints.

The Association has a policy of appropriating, for distribution, a percentage of its endowment fund's average fair value over the prior three years through the third quarter in the fiscal year in which the distribution is planned. In establishing this policy, the Association considered the long-term expected return on its endowment. For the years ended June 30, 2023 and 2022, the board approved a 5% spending policy.

Revenue Recognition

The Association recognizes revenue at an amount that reflects the consideration to which the Association expects to be entitled in exchange for transferring goods or services to its customers using the following five-step process:

1. Identify the contract(s) with the customer
2. Identify the performance obligation in the contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligation in the contract
5. Recognize revenue when (or as) the Association satisfies a performance obligation.

SEA EDUCATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The five-step process is applied as follows:

Tuition and Fees and Seminar Revenue

The Association recognizes revenue from student tuition and fees and seminars during the year in which the related services are provided to students. The performance obligation of delivering educational services in a live on-board school environment includes educational instruction and room and board, all of which are simultaneously received and consumed by the students. Discounts in the form of scholarships and financial assistance, including those funded by endowment and gifts, are reported as a deduction from tuition and fees and seminar revenue. Contracts for tuition and room and board are combined into a single portfolio of similar contracts. Tuition is to be paid in full no later than 60 days prior to the program start date. The Association does not provide students with the right to a refund for all signed contracts after 30 days prior to the contract commencement. Committed enrollment contracts executed as of June 30 for the next fiscal year are recorded as contract assets and reported as accounts receivable, net of payments received against those contract assets. The full amount of these contracts, net of scholarships and financial aid, are recorded as contract liabilities and reported as advance tuition and deposits.

Grant Activity

Federal and other grant funds are received on a cost-reimbursement basis. Revenue is recognized to the extent of funds expended under the award terms. Upon completion or expiration of a grant, unexpended funds are not available to the Association.

Grants and contracts normally provide for the recovery of direct and indirect costs subject to audit. The Association recognizes revenue associated with direct costs as the related costs are incurred. Recovery of related indirect costs is generally recorded at fixed rates negotiated with the granting authority.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$27,292 and \$13,355 for the years ended June 30, 2023 and 2022, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis on the statements of activities and the statements of functional expenses. Accordingly, certain costs are allocated among the programs and supporting services benefited based on direct costs, usage, and other factors. Such allocations are determined by management on an equitable basis.

**SEA EDUCATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses (Continued)

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Total Personnel Costs	Time and Effort
Occupancy	Square Footage
Supplies	Historical Usage
Computer Support and Service	Historical Usage
Depreciation	Square Footage

Subsequent Events

Subsequent events have been evaluated through November 14, 2023, which is the date the financial statements were available for issuance.

NOTE 3 CONTRIBUTIONS RECEIVABLE AND DEFERRED CONTRIBUTION AND GRANT REVENUE

At June 30, 2023 and 2022, contributions receivable included the following:

	<u>2023</u>	<u>2022</u>
Contributions Receivable Before Unamortized Discount	\$ 271,302	\$ 1,026,887
Less: Unamortized Discount (Using Discount Rates of 3.0%)	-	(9,580)
Less: Allowance for Uncollectible Contributions Receivable	(6,955)	(60,674)
Net Contributions Receivable	<u>\$ 264,347</u>	<u>\$ 956,633</u>
	<u>2023</u>	<u>2022</u>
Amounts Due in:		
Less Than One Year	\$ 271,302	\$ 859,996
One to Five Years	-	166,891
Total	<u>\$ 271,302</u>	<u>\$ 1,026,887</u>

For the year ended June 30, 2023, 66% of total contribution revenue was derived from one donor. For the year ended June 30, 2022, 17% of total contribution revenue was derived from one donor.

Conditional contributions and grants received by the Association were reported as deferred contribution and grant revenue on the statements of financial position. The balances at June 30, 2023 and 2022 of \$56,880 and \$235,247, respectively, consisted of contributions and grant funds which are required to be returned to the donors or granting authorities if certain conditions are not met by the Association. As a result, they have been recorded within deferred contribution and grant revenue until such conditions have been met.

SEA EDUCATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 PROPERTY, VESSELS, AND EQUIPMENT

At June 30, 2023 and 2022, property, vessels, and equipment consisted of the following:

	2023	2022
Property and Equipment:		
Land	\$ 2,960,734	\$ 191,534
Buildings	5,514,364	3,877,914
Housing Furnishings	75,697	75,697
Maintenance Equipment	26,305	26,305
Office Equipment	660,319	652,444
Classroom Equipment	227,903	227,903
Motor Vehicles	18,599	18,599
Total Property and Equipment	9,483,921	5,070,396
Less: Accumulated Depreciation	4,315,246	4,130,250
Net Property and Equipment	5,168,675	940,146
 Vessels and Oceanographic Equipment:		
Vessels	16,467,138	16,263,593
Oceanographic Equipment	2,024,481	2,015,400
Total Vessels and Oceanographic Equipment	18,491,619	18,278,993
Less: Accumulated Depreciation	12,789,423	12,327,739
Net Vessels and Oceanographic Equipment	5,702,196	5,951,254
 Net Property, Vessels, and Equipment	\$ 10,870,871	\$ 6,891,400

Depreciation expense for the years ended June 30, 2023 and 2022 was \$710,329 and \$586,865, respectively.

In August 2022 the Association purchased an adjacent property for approximately \$4,200,000. The purchase price was fully funded with contributions received during the year. It is anticipated that this property will expand the Association's housing and events capabilities. The cost of the property has been allocated to land and building.

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consisted of the following at June 30:

	2023	2022
Endowment Funds	\$ 8,306,031	\$ 6,804,827
Other Investments	-	2,297,857
Total Investments	\$ 8,306,031	\$ 9,102,684

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure 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).

SEA EDUCATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

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

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for financial instruments measured at fair value:

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities, including mutual and ETF funds, are reported at fair value on the statements of financial position. Fair value is determined using the market approach, which is based on quoted prices established by major securities markets.

There have been no changes in the methodologies used at June 30, 2023 and 2022.

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

SEA EDUCATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, the Association's assets at fair value as of June 30:

	2023		
	Level 1	Level 2	Total
Money Market	\$ 1,742,399	\$ -	\$ 1,742,399
Equities - Domestic	4,743,476	-	4,743,476
Equities - International	174,464	-	174,464
Fixed Income	881,354	-	881,354
Government Bonds	155,207	320,671	475,878
Corporate Bonds	-	288,460	288,460
Total Assets at Fair Value	<u>\$ 7,696,900</u>	<u>\$ 609,131</u>	<u>\$ 8,306,031</u>

	2022		
	Level 1	Level 2	Total
Money Market	\$ 586,802	\$ -	\$ 586,802
Equities - Domestic	6,803,627	-	6,803,627
Equities - International	218,754	-	218,754
Fixed Income	739,104	-	739,104
Government Bonds	155,528	302,857	458,385
Corporate Bonds	-	296,012	296,012
Total Assets at Fair Value	<u>\$ 8,503,815</u>	<u>\$ 598,869</u>	<u>\$ 9,102,684</u>

There were no transfers between levels of investments during the years ended June 30, 2023 and 2022.

SEA EDUCATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Changes in the Association's endowment investments by net asset class for the years ended June 30, 2023 and 2022 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2021	\$ 129,541	\$ 7,601,981	\$ 7,731,522
Contributions	-	249,669	249,669
Investment Return:			
Interest and Dividends*	1,444	87,840	89,284
Net Investment Losses	<u>(15,658)</u>	<u>(953,190)</u>	<u>(968,848)</u>
	(14,214)	(865,350)	(879,564)
Endowment Income Appropriated for Expenditure	<u>(5,400)</u>	<u>(291,400)</u>	<u>(296,800)</u>
June 30, 2022	109,927	6,694,900	6,804,827
Contributions	997,858	235,699	1,233,557
Investment Return:			
Interest and Dividends*	32,384	107,184	139,568
Net Investment Gains	<u>249,086</u>	<u>585,293</u>	<u>834,379</u>
	281,470	692,477	973,947
Endowment Income Appropriated for Expenditure	(118,600)	(337,700)	(456,300)
Special Appropriation	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>
June 30, 2023	<u>\$ 1,020,655</u>	<u>\$ 7,285,376</u>	<u>\$ 8,306,031</u>

* Interest and dividends for the years ended June 30, 2023 and 2022 were presented net of investment management and custodial fees of \$23,338 and \$20,567, respectively.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Association to retain as a fund of perpetual duration. The Association has a policy that permits spending from underwater endowment funds, depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. There were no material underwater funds as of June 30, 2023 and 2022.

SEA EDUCATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 NOTE PAYABLE

In April 2021, the Association received a Paycheck Protection Program (PPP) loan of \$787,152 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). This loan was fully forgiven on March 3, 2022. The Association considered the PPP loans to be debt, and, accordingly, has recorded the amount of forgiveness, when legally released by the lender.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Association's financial position.

NOTE 7 NET ASSETS

The following is the composition of the Association's net assets with donor restrictions at June 30:

	2023	2022
Time Restricted:		
Unrestricted Pledges Receivable, Net	\$ 132,147	\$ 132,998
Use Restricted:		
Ship Maintenance	143,933	153,014
Scholarships	461,253	784,804
Campus Maintenance	87,603	201,000
LL Project Fund - New Campus	174,429	-
Other	29,906	40,997
Total Use Restricted	897,124	1,179,815
Restricted in Perpetuity Subject to Spending Policy:		
Scholarships	3,441,288	3,218,167
Doherty Chair for Ocean Studies	2,455,283	2,454,483
Ship Operations	569,955	454,595
Plant Operations or Construction Projects	289,960	289,460
Academic Programs	50,350	58,952
Unexpended Appreciation on Restricted in Perpetuity Endowment Funds	610,764	255,987
Total Restricted in Perpetuity Subject to Spending Policy	7,417,600	6,731,644
Total Net Assets With Donor Restrictions	\$ 8,446,871	\$ 8,044,457

At June 30, 2023 and 2022, included in restricted net assets in perpetuity were \$132,224 and \$72,525, respectively, of restricted in perpetuity contributions receivable.

SEA EDUCATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 RETIREMENT PLAN

Retirement provisions for the Association include contracts between each participating employee and the Teachers Insurance and Annuity Association and the College Retirement Equities Fund. Contributions are applied to individual annuity contracts that are fully funded and provide for full and immediate vesting of all contributions to the participant. The accrued benefit at any time for a participant is the current value of the annuity accumulation, including all contributions, less expense charges, plus investment results. In 2023 and 2022, the Association contributed 3% of eligible compensation. The Association's portion of contributions amounted to \$77,915 and \$66,480 for the years ended June 30, 2023 and 2022, respectively.

NOTE 9 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Association regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Association considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

As of June 30, 2023 and 2022, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 2,847,875	\$ 3,111,745
Contributions for General Expenditures Due in One Year or Less	59,876	121,901
Other Investments	<u>-</u>	<u>2,297,857</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$ 2,907,751</u>	<u>\$ 5,531,503</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Association anticipates collecting sufficient revenue to cover general expenditures not covered by the donor-restricted resources.

The Association's governing board has designated a portion of its unrestricted resources for endowment and other purposes. The Association's long-term investments include board-designated funds of \$1,020,655 at June 30, 2023 that may be drawn upon as necessary with the approval from the board of trustees. Although not expected to be needed, the spendable yet restricted portion of the Association's net assets could be used to meet cash needs if necessary. Prudent investment management, however, must be considered to ensure the preservation of the funds for future use.

SEA EDUCATION ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 EMPLOYEE RETENTION CREDIT

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. During 2021, the Association received Employee Retention Credit (ERC) funding from the Internal Revenue Service in the amount of \$195,526 in compliance with the program.

The Association recognized \$195,526 of income related to performance requirement being met and costs being incurred in compliance with the program during the year ended June 30, 2022. Grants related to this program are classified as other income on the statement of activities.