

**HEALTHY GULF, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

December 31, 2021 and 2020

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Healthy Gulf, Inc.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Healthy Gulf, Inc.  
New Orleans, Louisiana

### Opinion

I have audited the accompanying financial statements of Healthy Gulf, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Healthy Gulf, Inc. as of December 31, 2021 and 2020, 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 Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Healthy Gulf, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Healthy Gulf, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

My 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 my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, I:

- 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 Healthy Gulf, 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.

I am 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.



Barry L. Delery CPA  
A PROFESSIONAL ACCOUNTING CORPORATION

Metairie, Louisiana

July 28, 2022

## Statements of Financial Position

Healthy Gulf, Inc.

December 31	2021	2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,391,515	\$ 1,001,527
Accounts receivable	3,100	5,000
Investments	2,863,609	1,650,103
Prepaid expenses	42,255	28,313
Unconditional promises to give	-	15,000
<b>Total current assets</b>	<b>4,300,479</b>	<b>2,699,943</b>
<b>Property and Equipment</b>		
Office furniture and fixtures	23,495	23,495
Computer equipment	41,318	39,492
	64,813	62,987
Less accumulated depreciation	40,819	38,437
<b>Total property and equipment</b>	<b>23,994</b>	<b>24,550</b>
<b>Other Assets</b>		
Deposits	6,541	4,473
Investments - Endowment	64,248	51,210
<b>Total other assets</b>	<b>70,789</b>	<b>55,683</b>
<b>Total assets</b>	<b>\$ 4,395,262</b>	<b>\$ 2,780,176</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 17,685	\$ 14,026
Employee benefits payable	4,457	5,347
Agency funds	813,539	716,795
Accrued vacation and sick time payable	74,864	70,372
<b>Total current liabilities</b>	<b>910,545</b>	<b>806,540</b>
<b>Net Assets</b>		
Without donor restrictions	1,348,625	767,641
With donor restrictions	2,136,092	1,205,995
<b>Total net assets</b>	<b>3,484,717</b>	<b>1,973,636</b>
<b>Total liabilities and net assets</b>	<b>\$ 4,395,262</b>	<b>\$ 2,780,176</b>

The accompanying notes are an integral part of these financial statements.

# Statement of Activities

Healthy Gulf, Inc.

Year Ended December 31, 2021

	Changes in Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT, REVENUE AND RECLASSIFICATIONS</b>			
Contributions and grants			
Support for Resilient Communities and Climate Justice Campaign	\$ -	\$ 1,656,975	\$ 1,656,975
Support for Resilient Habitat and Healthy Water Campaign	-	206,723	206,723
Support for Conserving Marine Resources Campaign	-	-	-
Support for Hurricane Ida Relief	-	38,768	38,768
Government grants - PPP program	-	-	-
Other	443,869	-	443,869
Membership dues	38,461	-	38,461
Program service revenue	54,350	-	54,350
Other income	39,246	-	39,246
Investments			
Interest, dividends and realized gains (losses)	105,090	-	105,090
Net unrealized gains (losses)	134,520	-	134,520
Endowment funds			
Interest, dividends and realized gains (losses)	-	3,012	3,012
Net unrealized gains (losses)	-	5,656	5,656
Net assets released from restrictions	985,407	(985,407)	-
Endowment fund contributions	(4,370)	4,370	-
Total support, revenue and reclassifications	1,796,573	930,097	2,726,670
<b>EXPENSES</b>			
<b><u>Program Services</u></b>			
Resilient Communities and Climate Justice	574,770	-	574,770
Hurricane Ida Relief	11,169	-	11,169
Resilient Habitat and Healthy Water	399,467	-	399,467
Conserving Marine Resources	-	-	-
Total program services	985,406	-	985,406
<b><u>Support Services</u></b>			
Management and general	85,779	-	85,779
Fund raising	144,404	-	144,404
Total support services	230,183	-	230,183
Total expenses	1,215,589	-	1,215,589
Change in net assets	580,984	930,097	1,511,081
<b>NET ASSETS - BEGINNING OF YEAR</b>	767,641	1,205,995	1,973,636
<b>NET ASSETS - END OF YEAR</b>	\$ 1,348,625	\$ 2,136,092	\$ 3,484,717

The accompanying notes are an integral part of these financial statements.

# Statement of Activities

Healthy Gulf, Inc.

Year Ended December 31, 2020

	Changes in Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT, REVENUE AND RECLASSIFICATIONS</b>			
Contributions and grants			
Support for Resilient Communities and Climate Justice Campaign	\$ -	\$ 436,440	\$ 436,440
Support for Resilient Habitat and Healthy Water Campaign	-	28,660	28,660
Support for Conserving Marine Resources Campaign	-	1,340	1,340
Government grants - PPP program	-	182,567	182,567
Other	396,114	-	396,114
Membership dues	37,241	-	37,241
Program service revenue	66,742	-	66,742
Other income	40,626	-	40,626
Investments			
Interest, dividends and realized gains (losses)	40,714	-	40,714
Net unrealized gains (losses)	179,483	-	179,483
Endowment funds			
Interest, dividends and realized gains (losses)	-	758	758
Net unrealized gains (losses)	-	3,153	3,153
Net assets released from restrictions	853,961	(853,961)	-
Endowment fund contributions	(677)	677	-
Total support, revenue and reclassifications	1,614,204	(200,366)	1,413,838
<b>EXPENSES</b>			
<b><u>Program Services</u></b>			
Resilient Communities and Climate Justice	404,238	-	404,238
Resilient Habitat and Healthy Water	289,393	-	289,393
Conserving Marine Resources	138,606	-	138,606
Total program services	832,237	-	832,237
<b><u>Support Services</u></b>			
Management and general	86,401	-	86,401
Fund raising	134,384	-	134,384
Total support services	220,785	-	220,785
Total expenses	1,053,022	-	1,053,022
Change in net assets	561,182	(200,366)	360,816
<b>NET ASSETS - BEGINNING OF YEAR</b>	206,459	1,406,361	1,612,820
<b>NET ASSETS - END OF YEAR</b>	\$ 767,641	\$ 1,205,995	\$ 1,973,636

The accompanying notes are an integral part of these financial statements.

## Statements of Cash Flows

Healthy Gulf, Inc.

<i>Years Ended December 31</i>	<i>2021</i>	<i>2020</i>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ 1,511,081	\$ 360,816
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation	5,726	6,208
Net unrealized loss (gain) on investments	(140,176)	(182,636)
Interest, dividends and realized gains - Endowment funds	(3,011)	(758)
(Increase) decrease in current assets		
Accounts receivable	1,900	39,035
Prepaid expenses	(13,942)	2,138
Unconditional promises to give	15,000	60,000
Increase (decrease) in current liabilities		
Accounts payable	3,659	(9,784)
Employee benefits payable	(890)	1,204
Agency funds	96,744	326,397
Accrued vacation and sick time payable	4,492	5,774
Increase in deposits	(2,068)	-
Net cash provided (used) by operating activities	1,478,515	608,394
<b>Cash Flows From Investing Activities</b>		
(Increase) decrease in investments	(1,078,987)	(40,701)
Transfers to endowment funds	(4,370)	(677)
Purchases of property and equipment	(5,170)	(3,816)
Net cash provided (used) by investing activities	(1,088,527)	(45,194)
<b>Cash Flows From Financing Activities</b>		
Principal payments on line of credit	-	-
Net cash provided (used) by financing activities	-	-
Net increase (decrease) in cash and cash equivalents	389,988	563,200
<b>Cash and Cash Equivalents - Beginning of Year</b>	1,001,527	438,327
<b>Cash and Cash Equivalents - End of Year</b>	\$ 1,391,515	\$ 1,001,527

### Supplemental Disclosures of Cash Flow Information

Cash paid during the year for interest	\$	-	\$	-
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*The accompanying notes are an integral part of these financial statements.*



# Statement of Functional Expenses

Healthy Gulf, Inc.

Year Ended December 31, 2021

	PROGRAM SERVICES					SUPPORT SERVICES			Total Expenses
	Resilient Communities and Climate Justice	Conserving Marine Resources	Hurricane Ida Relief	Resilient Habitat and Healthy Water	Total Program Services	Management and General	Fund Raising	Total Support Services	
Salaries and Related Expenses									
Salaries	\$ 337,759	\$ -	\$ 2,669	\$ 280,766	\$ 621,194	\$ 59,368	\$ 100,977	\$ 160,345	\$ 781,539
Contract services	38,297	-	-	-	38,297	-	-	-	38,297
Employee benefits	43,724	-	-	37,382	81,106	9,034	13,526	22,560	103,666
Payroll fees	2,179	-	-	1,800	3,979	398	672	1,070	5,049
Payroll taxes	23,069	-	-	23,094	46,163	4,215	7,141	11,356	57,519
Workers compensation insurance	793	-	-	677	1,470	152	245	397	1,867
Total Salaries and Related Expenses	445,821	-	2,669	343,719	792,209	73,167	122,561	195,728	987,937
Accounting fees	5,261	-	-	4,897	10,158	1,047	1,694	2,741	12,899
Bank and transaction fees	218	-	-	113	331	26	46	72	403
Board conferences	945	-	-	811	1,756	181	292	473	2,229
Consulting, strategic planning and other professional fees	17,292	-	-	-	17,292	-	-	-	17,292
Donated services	1,543	-	-	755	2,298	-	-	-	2,298
Dues and subscriptions	1,232	-	-	1,216	2,448	98	170	268	2,716
Grants and sub-grants	5,000	-	6,962	-	11,962	-	-	-	11,962
Insurance	2,245	-	-	1,919	4,164	429	694	1,123	5,287
Legal fees	2,872	-	-	100	2,972	-	-	-	2,972
Licenses and permits	934	-	-	798	1,732	189	288	477	2,209
Moving expenses	-	-	-	-	-	-	-	-	-
Occupancy	27,997	-	-	20,636	48,633	4,617	7,466	12,083	60,716
Office and other supplies	5,537	-	-	4,548	10,085	1,649	1,688	3,337	13,422
Outreach	49	-	-	304	353	-	328	328	681
Postage	943	-	-	994	1,937	230	1,151	1,381	3,318
Printing and publications	3,827	-	105	1,693	5,625	413	785	1,198	6,823
Telephone and Utilities	4,417	-	-	3,472	7,889	805	1,273	2,078	9,967
Training	714	-	-	646	1,360	103	269	372	1,732
Travel and Lodging	16,503	-	1,433	2,138	20,074	436	427	863	20,937
Website	10,285	-	-	8,571	18,856	1,924	3,431	5,355	24,211
Workshop and other conferences	18,704	-	-	59	18,763	-	1,089	1,089	19,852
Total expenses before depreciation	572,339	-	11,169	397,389	980,897	85,314	143,652	228,966	1,209,863
Depreciation	2,431	-	-	2,078	4,509	465	752	1,217	5,726
Totals	\$ 574,770	\$ -	\$ 11,169	\$ 399,467	\$ 985,406	\$ 85,779	\$ 144,404	\$ 230,183	\$ 1,215,589

The accompanying notes are an integral part of these financial statements.

# Statement of Functional Expenses

Healthy Gulf, Inc.

Year Ended December 31, 2020

	PROGRAM SERVICES				SUPPORT SERVICES			Total Expenses
	Resilient Communities and Climate Justice	Conserving Marine Resources	Resilient Habitat and Healthy Water	Total Program Services	Management and General	Fund Raising	Total Support Services	
Salaries and Related Expenses								
Salaries	\$ 284,402	\$ 96,610	\$ 202,409	\$ 583,421	\$ 60,631	\$ 94,365	\$ 154,996	\$ 738,417
Employee benefits	34,212	12,367	25,805	72,384	8,260	11,520	19,780	92,164
Payroll fees	1,643	620	1,287	3,550	391	574	965	4,515
Payroll taxes	21,652	7,213	14,966	43,831	4,437	6,680	11,117	54,948
Workers compensation insurance	345	130	271	746	82	121	203	949
Total Salaries and Related Expenses	342,254	116,940	244,738	703,932	73,801	113,260	187,061	890,993
Accounting fees	4,615	1,745	3,622	9,982	1,101	1,617	2,718	12,700
Bank and transaction fees	116	41	79	236	33	36	69	305
Board conferences	145	55	114	314	35	51	86	400
Consulting, strategic planning and other professional fees	1,755	389	809	2,953	246	361	607	3,560
Donated services	640	1,340	860	2,840	-	-	-	2,840
Dues and subscriptions	784	182	378	1,344	115	169	284	1,628
Insurance	2,393	905	1,878	5,176	571	838	1,409	6,585
Legal fees	-	-	-	-	-	-	-	-
Licenses and permits	109	41	85	235	26	38	64	299
Moving expenses	325	123	255	703	91	114	205	908
Occupancy	20,169	7,626	15,829	43,624	4,812	7,065	11,877	55,501
Office and other supplies	5,301	1,766	4,271	11,338	1,053	1,904	2,957	14,295
Outreach	830	-	-	830	-	1,108	1,108	1,938
Postage	614	173	382	1,169	119	847	966	2,135
Printing and publications	1,468	506	1,174	3,148	317	780	1,097	4,245
Telephone and Utilities	4,045	1,723	2,906	8,674	960	1,409	2,369	11,043
Training	477	19	39	535	12	87	99	634
Travel and Lodging	2,489	440	1,572	4,501	151	350	501	5,002
Website	6,772	2,493	5,499	14,764	1,612	2,311	3,923	18,687
Workshop and other conferences	6,681	1,246	3,132	11,059	808	1,249	2,057	13,116
Total expenses before depreciation	401,982	137,753	287,622	827,357	85,863	133,594	219,457	1,046,814
Depreciation	2,256	853	1,771	4,880	538	790	1,328	6,208
Totals	\$ 404,238	\$ 138,606	\$ 289,393	\$ 832,237	\$ 86,401	\$ 134,384	\$ 220,785	\$ 1,053,022

The accompanying notes are an integral part of these financial statements.

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2021 and 2020

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### Note 1 – Nature of Activities and Significant Accounting Policies

#### Nature of Activities

Healthy Gulf, Inc. (HG) (Formerly Gulf Restoration Network, Inc.) was established in Louisiana in 1999 as a non-profit corporation to promote general awareness and to unite and empower the public to protect and restore the resources of the Gulf of Mexico. HG's current programs include:

◆ **Resilient Habitat and Healthy Water**

HG works to improve water quality by identifying pollution issues and providing technical assistance, training, and mentoring to numerous communities faced with pollution. HG also works to improve the development and implementation of watershed and coastal wetlands restoration plans, and to prevent damaging projects that destroy wetlands and/or impact water quality. HG also works closely with citizen activists by providing frequent updates and action alerts by telephone and e-mail on water quality issues.

◆ **Conserving Marine Resources**

HG works to support activities focused on achieving fishery management regulations that are science-based, promoting sustainable fisheries in the Gulf of Mexico, advocating for the protection of marine habitat, and promoting protections for marine mammals. HG's efforts include targeted outreach to increase the number of concerned citizens taking action to support the Sustainable Fisheries Act and sustainable management of fisheries.

◆ **Resilient Communities and Climate Justice**

HG works to (1) build an active and engaged constituency to support natural storm protection and restoration efforts for the Gulf Coast region, (2) advocates for the use of green infrastructure in the Greater New Orleans area to address localized flooding, and (3) reduce the contributions of the fossil fuel industry to climate change and address the disproportionate impacts of climate change on low income and communities of color. Our work documents and addresses the continuing environmental and community impact of the fossil fuel industry and its associated infrastructure (i.e. pipelines) in Gulf States, and to hold industry accountable for their continuing pollution.

◆ **Hurricane Ida Relief**

In the aftermath of Hurricane Ida, Healthy Gulf acted upon its commitment to support our community partners through the process of rebuilding, drawing connections between climate disaster, coastal resiliency, and just recovery. We raised funds to support the deployment of hundreds of volunteers. Our primary work in 2021, was to gut, clean and temporarily mitigate the roof damaged homes in the river parishes of Louisiana and to help various service groups and environmental organizations provide enough volunteer labor to meet relief requests in our queue.

#### Significant Accounting Policies

##### Basis of Accounting

HG prepares its financial statements in accordance with U.S. generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2021 and 2020

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### Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

#### Significant Accounting Policies (Continued)

##### Cash and Cash Equivalents

For the purpose of the statement of cash flows, HG considers as cash and cash equivalents, cash deposits in checking, savings and money market accounts with initial maturities of three months or less.

##### Accounts Receivable

Accounts receivable are recorded when invoices are issued at the invoice amount based on performance obligation satisfaction and contract provisions. These receivables are written off when they are deemed to be uncollectible due to the historical infrequency of uncollectible accounts receivable.

##### Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Investments in pooled investments are reported at the proportionate share of HG's investment in the total pool related to the total fair market value of the pool. Unrealized and realized gains and losses are included in the change in net assets. Investment income and gains and losses associated with funds restricted by a donor are reported as increases or decreases in net assets with donor restrictions in the period the income and gains and losses are recognized while those related to funds with no donor restrictions are reported as increases or decreases in net assets without donor restrictions.

Some investments of HG consist of endowment funds transferred to and administered by The Greater New Orleans Foundation (GNOF), a community foundation, during the year ended December 31, 2010 for the benefit of HG. These funds are included in an investment pool along with other endowed funds administered by GNOF. These funds are considered permanently restricted since GNOF has complete discretion over the distribution of these funds to HG. GNOF periodically makes a distribution to HG based on the spending policy of GNOF. The funds associated with these distributions are considered unrestricted when received by HG. During the year ended December 31, 2021 and 2020 HG contributed \$4,370 and \$677 to this fund, respectively.

##### Property and Equipment

Property and equipment are stated at cost if purchased. Donations of property and equipment are recorded as contributions at their estimated fair value. HG capitalizes property and equipment of \$100 and over. Lesser amounts are expensed. Property and equipment are depreciated using the accelerated and straight-line methods over their estimated useful lives, which range from five to seven years. Expenditures for repairs and maintenance are charged to the relevant expense account when incurred. Depreciation expense for the years ended December 31, 2021 and 2020 was \$5,726 and \$6,208, respectively.

During the year ended December 31, 2013, the organization received a donation of a work of art with an estimated value of \$12,000 which was capitalized and is included in office furniture and fixtures. No depreciation was recognized on this item.

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2021 and 2020

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### Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

#### Significant Accounting Policies (Continued)

##### Income Tax Status

HG is a not-for-profit organization that is exempt from income taxes under section 501(c) (3) of the Internal Revenue Code. HG has also been classified as an entity that is not a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code and qualifies for deductible contributions as provided by Section 170(b)(1)(A)(vi).

HG’s exempt status is recognized by the State of Louisiana. Accordingly, no provision has been made in the financial statements for federal or state income taxes.

##### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

##### Promises to Give

Contributions are recognized when the donor makes a promise to give to HG 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 fiscal year in which the contributions are 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, net assets with donor restrictions are reclassified to net assets without donor restrictions.

##### Contributions and Grants

HG reports contributions and grants of cash and other assets as either net assets without donor restrictions or net assets with donor restrictions if they are received with donor stipulations that limit the use of the contributed assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

HG reports contributions of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, HG reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. HG reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2021 and 2020

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### Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

#### Significant Accounting Policies (Continued)

##### Subcontract Service Revenue

HG enters into contracts with organizations to provide services based on agreed upon terms and amounts. These services are aligned to the exempt purposes of the organization.

During 2019, the Organization adopted Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU clarifies the principles for recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. For the specified contracts for which the Organization is the service provider, there was not a significant impact on the financial statements.

Contract amounts are billed to the customer monthly during the contract period. Revenue is recognized as the performance obligations are satisfied. These amounts are also included in “Program Service Revenue” in the statements of activities. Performance obligations are determined based on the contract provisions and are deemed satisfied upon the approval of the monthly invoice by the customer. Revenue recognized on these contracts for which billings have not been collected from the customer is included in accounts receivable and amounted to \$3,100 and \$5,000 at December 31, 2021 and 2020, respectively.

##### Financial Statement Presentation

HG is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, HG is required to present a statement of cash flows.

##### Fair Value Measurements

HG follows the provisions of *the Fair Value Measurement* Topic of the FASB ASC. Fair value is defined as the exchange 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.

The *Fair Value Measurement* Topic of the FASB ASC establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2021 and 2020

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### Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

#### Significant Accounting Policies (Continued)

##### Fair Value Measurements (Continued)

###### Level 1

Pricing inputs based on quoted prices in active markets for identical assets or liabilities as of the reporting date. Quoted prices that are readily and regularly available in an active market provides the most reliable fair value measurement.

###### Level 2

Pricing inputs are other than quoted prices in active markets for identical assets, but the inputs are observable, either directly or indirectly, as of the reporting date. Inputs include 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, that is markets in which there are few transactions, prices are not current, or prices vary substantially over time.

###### Level 3

Pricing inputs based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value, requires significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. (See note 14)

HG's measurements of fair value are made on a recurring basis, and their valuation techniques for assets and liabilities recorded at fair value are as follows:

###### Investments

The fair value of investments at December 31, 2021 and 2020 (See note 3) is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers or endowment administrators.

###### Unconditional Promises to Give

The fair value of contributions at December 31, 2021 and 2020 is equal to the carrying value for contributions expected to be collected within one year. Contributions expected to be collected beyond one year are discounted to present value based on management's assumptions.

###### Other Assets and Liabilities

At December 31, 2021 and 2020, the carrying value of HG's cash and cash equivalents, accounts receivable, prepaid expenses, deposits, accounts payable, employee benefits payable, agency funds, and accrued vacation and sick time payable approximated their fair values.

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2021 and 2020

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### Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

#### Significant Accounting Policies (Continued)

##### Advertising Costs

HG expenses advertising costs as incurred. There was no advertising expense during the years ended December 31, 2021 and 2020.

##### Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation.

### Note 2 – Concentration of Credit Risk

HG periodically maintains cash in bank accounts in excess of insured limits. HG has not experienced any losses and does not believe that significant credit risk exists as a result of this practice. Cash deposits at each bank are insured by the Federal Deposit Insurance Corporation up to \$250,000.

### Note 3 – Investments

Investments consist of the following as of December 31, 2021:

	Fair Market Value	Cost or Assigned Amount
<u>Without donor restrictions</u>		
Mutual Funds	\$2,862,357	\$2,356,219
Equities	<u>1,252</u>	<u>611</u>
	2,863,609	2,356,830
<u>With donor restrictions</u>		
Endowment investments (Administered by GNOF)	<u>64,248</u>	<u>48,705</u>
Totals	<u>\$2,927,857</u>	<u>\$2,405,535</u>



## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2021 and 2020

### Note 3 – Investments (Continued)

Investments consist of the following as of December 31, 2020:

	Fair Market Value	Cost or Assigned Amount
<u>Without donor restrictions</u>		
Mutual Funds	\$1,649,212	\$1,277,229
Equities	<u>891</u>	<u>614</u>
	1,650,103	1,277,843
 <u>With donor restrictions</u>		
Endowment investments (Administered by GNOF)	<u>51,210</u>	<u>41,324</u>
 Totals	<u>\$1,701,313</u>	<u>\$1,319,167</u>

The following summarizes the investment return and its classification in the statements of activities for the years ended December 31, 2021 and 2020.

	2021	2020
<u>Without donor restrictions</u>		
Interest, dividends and realized gains and losses	\$ 105,090	\$ 40,714
Net unrealized gains (losses)	<u>134,520</u>	<u>179,483</u>
Total investment returns without donor restrictions	<u>239,610</u>	<u>220,197</u>
 <u>With donor restrictions</u>		
Interest and dividends	649	360
Realized gains	2,861	756
Less: administrative expenses	<u>( 498)</u>	<u>( 358)</u>
	3,012	758
Net unrealized gains (losses)	<u>5,656</u>	<u>3,153</u>
Total investment returns with donor restrictions	<u>8,668</u>	<u>3,911</u>
Total investment returns	<u>\$ 248,278</u>	<u>\$ 224,108</u>

The Organization's investments, which consist of various mutual funds and corporate stock, were exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the fair value of investments included in the accompanying statement of financial position. See note 19.

### Note 4 – Unconditional Promises to Give Receivable

Unconditional promises to give receivable consisted of the following at December 31, 2021 and 2020.

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2021 and 2020

### Note 4 – Unconditional Promises to Give Receivable (Continued)

	2021	2020
Without donor restrictions	\$ -	\$ -
With donor restrictions		
Restricted for:		
Resilient Communities and		
Climate Justice	-	15,000
Gross unconditional promises to give	-	15,000
Less: Discount to net present value	( - )	( - )
Net unconditional promises to give	\$ -	\$ 15,000
Amounts due in less than one year	\$ -	\$ 15,000
Amounts due in one to five years	-	-
Gross unconditional promises to give	\$ -	\$ 15,000

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques when a donor makes an unconditional promise to give HG

### Note 5 – Accrued Absences

HG employees accrue vacation and sick leave at varying rates based on their full or part time status.

At December 31, 2021, staff employees had accumulated a total of \$25,019 of unused vacation leave and \$41,843 of unused sick leave. The executive director had accumulated \$4,508 of unused vacation leave and \$3,494 of unused sick leave.

At December 31, 2020, staff employees had accumulated a total of \$22,038 of unused vacation leave and \$39,487 of unused sick leave. The executive director had accumulated \$4,142 of unused vacation leave and \$4,705 of unused sick leave.

### Note 6 – Agency Funds

Agency funds are funds, which are included in cash and cash equivalents in the statements of financial position, in which HG acts as a fiscal agent and has a duty to hold and manage assets for the benefit of a specific beneficiary. Activity related to agency funds for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Funds received	\$ 903,958	\$ 949,932
Government grants - PPP program	-	37,135
Disbursements to or on behalf of beneficiary	(772,222)	(622,023)
Administrative fee	( 34,992)	( 38,647)
Net change	96,744	326,397
Agency funds		
Beginning of year	716,795	390,398
End of year	\$ 813,539	\$ 716,795

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2021 and 2020

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### Note 7 – Line of credit

HG has a revolving line of credit (loan management account) with a financial institution in an amount determined by the loan value of the pledged collateral less outstanding loan balances and accrued finance charges. The available credit at December 31, 2021 and 2020 amounted to \$900,000. HG's investments in a brokerage account maintained at Merrill Lynch, Pierce, Fenner & Smith Incorporated are used as eligible collateral. The unpaid balance at December 31, 2021 and 2020 amounted to \$ -0-. Accrued interest at December 31, 2021 and 2020 amounted to \$-0.

Interest is charged at a variable rate and ranged from 2.94% to 3.02% during 2021 and from 3.02% to 4.67% during 2020. Interest expense during 2021 and 2020 amounted to \$-0.

### Note 8 – Restrictions on Net Assets

Net assets with donor restrictions as of December 31, 2021 and 2020 were available for the following purposes.

	2021	2020
Resilient Habitat and Healthy Water Campaign	\$ 802,040	\$ 994,785
Resilient Communities and Climate Justice	1,242,205	160,000
Hurricane Ida Relief	27,599	-
	<u>2,071,844</u>	<u>1,154,785</u>
Restricted endowment fund	<u>64,248</u>	<u>51,210</u>
Totals	<u>\$2,136,092</u>	<u>\$1,205,995</u>

Net assets with donor restrictions were released for the following purposes during the respective years by meeting time restrictions or by incurring expenses satisfying the restricted purposes.

	2021	2020
Resilient Habitat and Healthy Water Campaign	\$ 399,468	\$ 289,393
Resilient Communities and Climate Justice Campaign	574,770	380,661
Hurricane Ida Relief	11,169	-
Conserving Marine Resources Campaign	-	1,340
Government grants - PPP program	-	182,567
Totals	<u>\$ 985,407</u>	<u>\$ 853,961</u>

### Investments – Endowment

During the year ended December 31, 2010, HG transferred \$10,000 to a donor restricted endowment fund administered by The Greater New Orleans Foundation (GNOF), a community foundation, for the benefit of HG. In conjunction with The Richard West Freeman Endowment Challenge for 2009, \$5,000 in matching funds was transferred to the fund by GNOF.

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2021 and 2020

### Note 8 – Restrictions on Net Assets (Continued)

All future donations or transfers to this fund including any net earnings from the fund will be considered restricted. Distributions will be in accordance with the spending policy of GNOF in effect. Distributions received by HG will be considered without any donor restrictions.

The composition of endowment assets for this fund and the changes in endowment net assets as of December 31, 2021 and 2020 is as follows:

	2021	2020
Endowment net assets, beginning of year	\$ 51,210	\$ 46,623
Investments during year	4,370	677
Investment income (net of expenses)	3,012	757
Unrealized gains (losses)	<u>5,656</u>	<u>3,153</u>
Endowment net assets, end of year	<u>\$ 64,248</u>	<u>\$ 51,210</u>

### Note 9– Major Program Funding Concentrations

HG receives a majority of its support from a limited number of grantors. The following represents a listing of various major funding sources during the year ended December 31, 2021 which includes grants issued prior to December 31, 2021.

Funding Organization	Amount Awarded	2021 Receipts	Estimated 2022 Receipts	Restrictions on Use
The Windward Fund	\$ 600,000	\$ 200,000	\$ 400,000	No restrictions
Bloomberg Foundation	1,000,000	1,000,000	-	Resilient Communities and Climate Justice
Gulf Coast Center for Law & Policy	150,000	150,000	-	Resilient Communities and Climate Justice
Rockefeller Family Fund	50,000	50,000	-	Resilient Communities and Climate Justice
Rockefeller Family Fund	175,000	175,000	-	Resilient Communities and Climate Justice
Climate Imperative Foundation	150,000	150,000	-	Resilient Communities and Climate Justice
Climate Imperative Foundation	116,875	116,975	-	Resilient Communities and Climate Justice
The Kresge Foundation	150,000	150,000	-	Resilient Habitat and Healthy Water
The Schmidt Family Foundation	75,000	75,000	-	No restrictions

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2021 and 2020

### Note 9– Major Program Funding Concentrations (Continued)

The following represents a listing of various major funding sources during the year ended December 31, 2020 which includes grants issued prior to December 31, 2020.

Funding Organization	Amount Awarded	2020 Receipts	Actual 2021 Receipts	Restrictions on Use
The McKnight Foundation	\$ 300,000	\$ 300,000	\$ -	No restrictions
The Kresge Foundation	120,000	120,000	-	Resilient Communities and Climate Justice
Greater N.O. Foundation	25,000	25,000	-	Resilient Communities and Climate Justice
Keith Campbell Foundation	10,000	10,000	-	No restrictions
Curtis and Edith Munson Foundation	25,000	25,000	-	Resilient Habitat and Healthy Water
Rockefeller Family Fund	50,000	50,000	-	Resilient Communities and Climate Justice
Green New Deal Network	150,000	150,000	-	Resilient Communities and Climate Justice
The Schmidt Family Foundation	75,000	75,000	-	Resilient Communities and Climate Justice
Patagonia	15,000	-	15,000	Resilient Communities and Climate Justice

Unconditional promises to give at December 31, 2020 include \$15,000 from one funding source, representing 100% of total unconditional promises to give.

### Note 10– Donated Services

During 2021 and 2020 HG received assistance from volunteers to help with various program services. The total hours volunteered was 230 during 2021 and 284 during 2020. The valuation of these services was \$2,298 for 2021 and \$2,840 for 2020. The value of these services was based on the number of hours spent times an estimated hourly wage rate normally paid for similar services. Allocation of these services to the various programs was made based on the relative hours spent towards each program and is detailed as follows.

	2021	2020
Resilient Communities and Climate Justice	\$ 1,543	\$ 640
Resilient Habitat and Healthy Water	755	860
Conserving Marine Resources	-	1,340
<b>Totals</b>	<b>\$ 2,298</b>	<b>\$ 2,840</b>

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2021 and 2020

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### Note 11– Lease Expense

HG entered into a lease agreement for an office location effective June 10, 2018 for a term of five years with a monthly rental of \$4,430. This lease was terminated December 8, 2019 but the landlord waived the November rent payment. In conjunction with this, the landlord agreed to compensate HG in the amount \$33,248 to offset moving expenses. This amount is included in accounts receivable at December 31, 2019 and collected in 2020.

HG subsequently entered into a lease agreement at a new location effective December 1, 2019 for a term of five years with a monthly rental of \$4,473 increasing to \$4,547 in year four. Lease payments under this agreement for the years ended December 31, 2021 and 2020 amounted to \$56,864 and \$53,676, respectively.

Minimum future obligations on this lease as of December 31, 2021 are as follows:

2022	54,564
2023	54,564
2024	<u>50,017</u>

**Total**    **\$ 159,145**

The Organization had a sub-lease agreement for the usage of a portion of their office facilities. The lease was a month-to-month lease with a monthly rent of \$600. Rent collected during the year ended December 31, 2021 amounted to \$1,300.

HG entered into a lease agreement for a satellite office in Lake Charles, Louisiana effective November 1, 2021 for a term of one year with a monthly rental of \$1,751 for month one increasing to \$2,101 for the remainder of the lease. Lease payments under this agreement for the year ended December 31, 2021 amounted to \$3,852.

Minimum future obligations on this lease as of December 31, 2021 are as follows:

2022	<u><u><b>\$ 23,111</b></u></u>
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### Note 12– Related Party Transactions

HG has entered into an agreement with its executive director, an attorney with extensive experience in environmental issues and activities. The executive director received a salary as compensation for her services of \$117,200 during 2021 and 2020. In addition, HG provides reimbursements to her for expenses incurred on behalf of the Organization on an accountable basis.

### Note 13– Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The costs of providing the various program services and other activities have been categorized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, costs have been allocated to program services benefited and management and general and fundraising expenses.

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2021 and 2020

### Note 14– Fair Value Measurements

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets and liabilities reported at fair value on a recurring basis at December 31, 2021 and 2020 are as follows:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
<b>December 31, 2021</b>				
<b>Assets:</b>				
Unconditional promises to give	\$ -	\$ -	\$ -	\$ -
Investments	2,863,609	-	-	2,863,609
Investments-Endowment	19,660	3,662	-	23,322
Totals in fair value hierarchy	<u>\$2,883,269</u>	<u>\$ 3,662</u>	<u>\$ -</u>	2,886,931
Investments-Endowment measured at Net Asset Value (a)				<u>40,926</u>
Total				<u>\$2,927,857</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
<b>December 31, 2020</b>				
<b>Assets:</b>				
Unconditional promises to give	\$ -	\$ -	\$ 15,000	\$ 15,000
Investments	1,650,103	-	-	1,650,103
Investments-Endowment	15,670	2,919	-	18,589
Totals in fair value hierarchy	<u>\$1,665,773</u>	<u>\$ 2,919</u>	<u>\$ 15,000</u>	1,683,692
Investments-Endowment measured at Net Asset Value (a)				<u>32,621</u>
Total				<u>\$1,716,313</u>

(a) In accordance with Subtopic 820-10, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

The FASB has issued standards pertaining to *Fair Value Measurements and Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share*. Fair values are determined by the use of calculated net asset value per ownership share. The Investments-Endowment at December 31, 2021 and 2020 that feature NAV per share are comprised of by various private equity funds, hedge funds, limited liability entities and pooled investment funds.

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2021 and 2020

### Note 14– Fair Value Measurements (Continued)

The changes during the years ended December 31, 2021 and 2020 in assets and liabilities measured at fair value on a recurring basis for which HG has used significant unobservable inputs (Level 3) to determine fair value are as follows.

2021	Level 3 Beginning Balance	Collections in 2021	Additions in 2021	Level 3 Ending Balance
Unconditional Promises to Give	<u>\$ 15,000</u>	<u>\$ (15,000)</u>	<u>\$ –</u>	<u>\$ –</u>
2020	Level 3 Beginning Balance	Collections in 2020	Additions in 2020	Level 3 Ending Balance
Unconditional Promises to Give	<u>\$ 75,000</u>	<u>\$ (75,000)</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>

Since the endowment investments are administered by the Greater New Orleans Foundation, fair values and the related hierarchy placement, revenues and expenses are provided by them. Accordingly, the allocation of amounts to the various measurement levels is proportionate to the total allocation of all investments of the Greater New Orleans Foundation.

### Note 15– Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	2021	2020
Financial assets at year-end	\$4,322,472	\$2,722,840
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted to the following:		
Resilient Habitat and Healthy Water Campaign	802,040	994,785
Resilient Communities and Climate Justice Campaign	1,242,205	160,000
Hurricane Ida Relief	27,599	–
Donor restricted endowment fund	64,248	51,210
Agency funds	<u>813,539</u>	<u>716,795</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,372,841</u>	<u>\$ 800,050</u>

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically mutual and money market funds.



## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2021 and 2020

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### Note 16– Pension Plan

HG maintains a SIMPLE IRA plan covering substantially all employees. Each year, eligible employees may contribute as an elective deferral, that is, as a pre-tax contribution up to specified limits. HG matches this deferral on a dollar-for-dollar basis up to 2.5 % and 2% for 2021 and 2020, respectively, of the compensation of the employee. HG made matching contributions in the amounts of \$13,730 and \$12,012 for the years ended December 31, 2021 and 2020, respectively.

### Note 17 – Government grant – PPP loan

The Organization was approved of a loan request to the 2020 Paycheck Protection Program Loan Program (PPP) in the amount \$219,702 represented by a note dated April 18, 2020. The application was based on the Organization's payroll and also the payroll of The Coalition for Environment, Equity and Resilience (CEER), an organization HG acts as fiscal agent. \$37,135 of the total loan was allocated to CEER and \$182,567 was allocated to HG. The portion of the loan allocated to CEER was included in the Agency Funds liability account in the statements of financial position.

As of December 31, 2020 the organization had met all requirements for loan forgiveness and on December 9, 2020 received notice that the total amount of the loan would be forgiven. Accordingly, the amount of the loan allocated to HG was classified as revenue for the year ended December 31, 2020.

### Note 18 – Risks and Uncertainties

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have had and are likely to continue to have a negative impact on the Organization. Certain activities and procedures the Organization typically uses to accomplish its mission have been disrupted. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The related financial impact cannot be reasonably estimated at this time.

### Note 19 – Evaluation of Subsequent Events

HG has evaluated subsequent events through July 28, 2022, the date which the financial statements were available to be issued and determined that no events occurred that require disclosure with the exception of the following.

It is expected that the current executive director will retire effective December 31, 2022.

Since the financial statement date of December 31, 2021, there has been a downturn in the stock market affecting the values of various equities and mutual funds. The estimated reduction in values is approximately \$350,000 as of the date which the financial statements were available to be issued. Future changes in the stock market cannot be reasonable estimated at this time.