

**HEALTHY GULF, INC.**

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

December 31, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for 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.
- Conclude whether, in my judgment, 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 for a reasonable period of time.

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. Delany CPA  
A PROFESSIONAL ACCOUNTING CORPORATION

Metairie, Louisiana

November 13, 2025

## Statements of Financial Position

Healthy Gulf, Inc.

December 31	2024	2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,139,676	\$ 2,148,673
Accounts receivable	5,000	2,769
Other receivables	25,904	-
Employee advances	6,054	-
Investments	3,192,917	2,796,747
Prepaid expenses	45,575	49,678
Unconditional promises to give	400,000	235,000
<b>Total current assets</b>	<b>5,815,126</b>	<b>5,232,867</b>
<b>Property and Equipment</b>		
Office furniture and fixtures	20,413	20,413
Computer equipment	83,896	73,328
	104,309	93,741
Less accumulated depreciation	64,983	52,368
<b>Total property and equipment</b>	<b>39,326</b>	<b>41,373</b>
<b>Other Assets</b>		
Deposits	4,473	4,473
Investments - Endowment	75,522	67,909
Operating lease right-of-use assets	276,827	278,862
<b>Total other assets</b>	<b>356,822</b>	<b>351,244</b>
<b>Total assets</b>	<b>\$ 6,211,274</b>	<b>\$ 5,625,484</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 150,430	\$ 156,180
Payroll taxes withheld and accrued	2,735	-
Current portion of operating lease liabilities	41,401	38,905
Employee benefits payable	8,721	8,672
Agency funds	1,007,521	1,236,808
Accrued vacation and sick time payable	91,942	65,727
<b>Total current liabilities</b>	<b>1,302,750</b>	<b>1,506,292</b>
<b>Long-term operating lease liabilities-less current portion</b>	<b>240,423</b>	<b>243,398</b>
<b>Total liabilities</b>	<b>1,543,173</b>	<b>1,749,690</b>
<b>Net Assets</b>		
Without donor restrictions	3,563,482	2,480,819
With donor restrictions	1,104,619	1,394,975
<b>Total net assets</b>	<b>4,668,101</b>	<b>3,875,794</b>
<b>Total liabilities and net assets</b>	<b>\$ 6,211,274</b>	<b>\$ 5,625,484</b>

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

## Statement of Activities

Healthy Gulf, Inc.

Year Ended December 31, 2024

	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	\$ -	\$ 1,026,993	\$ 1,026,993
Support for Resilient Habitat and Healthy Water Campaign	-	253,920	253,920
Support for Hurricane Ida Relief	-	-	-
Other	867,189	-	867,189
Membership dues	37,089	-	37,089
Program service revenue	14,700	-	14,700
Special events and fundraising	-	-	-
Other income	54,498	-	54,498
Investments			
Interest, dividends and realized gains (losses)	189,237	-	189,237
Net unrealized gains (losses)	255,253	-	255,253
Endowment funds			
Interest, dividends and realized gains (losses)	-	3,291	3,291
Net unrealized gains (losses)	-	4,322	4,322
Net assets released from restrictions	1,578,882	(1,578,882)	-
Endowment fund contributions	-	-	-
Total support, revenue and reclassifications	2,996,848	(290,356)	2,706,492
<b>EXPENSES</b>			
<b><u>Program Services</u></b>			
Resilient Communities and Climate Justice	1,097,743	-	1,097,743
Resilient Habitat and Healthy Water	482,859	-	482,859
Total program services	1,580,602	-	1,580,602
<b><u>Support Services</u></b>			
Management and general	106,151	-	106,151
Fund raising	227,432	-	227,432
Total support services	333,583	-	333,583
Total expenses	1,914,185	-	1,914,185
Change in net assets	1,082,663	(290,356)	792,307
<b>NET ASSETS - BEGINNING OF YEAR</b>	2,480,819	1,394,975	3,875,794
<b>NET ASSETS - END OF YEAR</b>	\$ 3,563,482	\$ 1,104,619	\$ 4,668,101

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

## Statement of Activities

Healthy Gulf, Inc.

Year Ended December 31, 2023

	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	\$ -	\$ 691,430	\$ 691,430
Support for Resilient Habitat and Healthy Water Campaign	-	86,523	86,523
Support for Hurricane Ida Relief	-	137	137
Other	627,316	-	627,316
Membership dues	28,878	-	28,878
Program service revenue	41,549	-	41,549
Special events and fundraising	2,175	-	2,175
Other income	88,976	-	88,976
Investments			
Interest, dividends and realized gains (losses)	117,459	-	117,459
Net unrealized gains (losses)	308,756	-	308,756
Endowment funds			
Interest, dividends and realized gains (losses)	-	386	386
Net unrealized gains (losses)	-	7,275	7,275
Net assets released from restrictions	2,105,232	(2,105,232)	-
Endowment fund contributions	-	-	-
Total support, revenue and reclassifications	3,320,341	(1,319,481)	2,000,860
<b>EXPENSES</b>			
<b><u>Program Services</u></b>			
Resilient Communities and Climate Justice	1,517,754	-	1,517,754
Resilient Habitat and Healthy Water	587,341	-	587,341
Total program services	2,105,095	-	2,105,095
<b><u>Support Services</u></b>			
Management and general	120,896	-	120,896
Fund raising	190,531	-	190,531
Total support services	311,427	-	311,427
Total expenses	2,416,522	-	2,416,522
Change in net assets	903,819	(1,319,481)	(415,662)
<b>NET ASSETS - BEGINNING OF YEAR</b>	1,577,000	2,714,456	4,291,456
<b>NET ASSETS - END OF YEAR</b>	\$ 2,480,819	\$ 1,394,975	\$ 3,875,794

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>2024</i>	<i>2023</i>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ 792,307	\$ (415,662)
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation	12,977	10,561
Operating lease adjustment	1,556	1,720
Gain on sale of fixed assets	-	(42)
Write off of obsolete property and equipment	85	-
Net unrealized loss (gain) on investments	(259,575)	(316,031)
Interest, dividends and realized gains - Endowment funds	(3,291)	(386)
(Increase) decrease in current assets		
Accounts receivable	(2,231)	9,230
Other receivables	(25,904)	-
Employee advances	(6,054)	-
Prepaid expenses	4,103	4,047
Unconditional promises to give	(165,000)	(235,000)
Increase (decrease) in current liabilities		
Accounts payable and accrued expenses	(5,750)	133,559
Payroll taxes withheld and accrued	2,735	-
Employee benefits payable	49	3,663
Agency funds	(229,287)	196,112
Accrued vacation and sick time payable	26,215	(13,839)
Decrease in deposits	-	2,068
Net cash provided (used) by operating activities	142,935	(620,000)
<b>Cash Flows From Investing Activities</b>		
(Increase) decrease in investments	(140,917)	(66,498)
Proceeds from sale of fixed assets	-	500
Purchases of property and equipment	(11,015)	(25,672)
Net cash provided (used) by investing activities	(151,932)	(91,670)
<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	(8,997)	(711,670)
<b>Cash and Cash Equivalents - Beginning of Year</b>	2,148,673	2,860,343
<b>Cash and Cash Equivalents - End of Year</b>	\$ 2,139,676	\$ 2,148,673

### 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, 2024

	PROGRAM SERVICES			SUPPORT SERVICES			Total Expenses
	Resilient Communities and Climate Justice	Resilient Habitat and Healthy Water	Total Program Services	Management and General	Fund Raising	Total Support Services	
Salaries and Related Expenses							
Salaries	\$ 532,204	\$ 296,188	\$ 828,392	\$ 61,216	\$ 129,351	\$ 190,567	\$ 1,018,959
Contract services - Interim executive director	-	-	-	-	-	-	-
Contract services - Accounting	58,158	24,978	83,136	4,288	8,646	12,934	96,070
Contract services - Other	-	-	-	-	-	-	-
Employee benefits	85,914	38,475	124,389	6,490	13,464	19,954	144,343
Payroll fees	3,156	1,474	4,630	474	507	981	5,611
Payroll taxes	40,069	22,401	62,470	6,287	9,554	15,841	78,311
Total Salaries and Related Expenses	719,501	383,516	1,103,017	78,755	161,522	240,277	1,343,294
Accounting and audit fees	7,540	3,380	10,920	910	1,170	2,080	13,000
Advertising	14,500	6,500	21,000	1,750	2,438	4,188	25,188
Bank and transaction fees	803	360	1,163	616	3,061	3,677	4,840
Board and other conferences and workshops	8,660	3,414	12,074	1,795	846	2,641	14,715
Computer software expense	5,069	4,969	10,038	604	11,657	12,261	22,299
Consulting, strategic planning and other professional fees	49,372	11,834	61,206	2,688	27,456	30,144	91,350
Donated items, services and facilities	-	-	-	1,200	-	1,200	1,200
Dues and subscriptions	1,425	562	1,987	-	196	196	2,183
Executive director search	-	-	-	-	-	-	-
Grants and sub-grants	165,000	8,985	173,985	-	-	-	173,985
Insurance	4,099	1,838	5,937	495	636	1,131	7,068
Information technology and website maintenance	19,082	8,900	27,982	2,884	3,512	6,396	34,378
Legal fees	-	-	-	-	-	-	-
Licenses and permits	110	49	159	13	17	30	189
Occupancy	34,487	16,152	50,639	4,220	5,426	9,646	60,285
Office and other supplies	5,331	3,656	8,987	3,975	3,336	7,311	16,298
Outreach	272	-	272	-	-	-	272
Postage	877	376	1,253	334	100	434	1,687
Printing and publications	3,869	8,011	11,880	98	1,221	1,319	13,199
Professional development	978	487	1,465	89	114	203	1,668
Repairs and maintenance	128	57	185	15	20	35	220
Telecommunications	9,090	4,075	13,165	1,097	1,410	2,507	15,672
Travel and Lodging	40,023	12,364	52,387	3,705	2,126	5,831	58,218
Total expenses before depreciation	1,090,216	479,485	1,569,701	105,243	226,264	331,507	1,901,208
Depreciation	7,527	3,374	10,901	908	1,168	2,076	12,977
Totals	\$ 1,097,743	\$ 482,859	\$ 1,580,602	\$ 106,151	\$ 227,432	\$ 333,583	\$ 1,914,185

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

# Statement of Functional Expenses

Healthy Gulf, Inc.

Year Ended December 31, 2023

	PROGRAM SERVICES			SUPPORT SERVICES			
	Resilient Communities and Climate Justice	Resilient Habitat and Healthy Water	Total Program Services	Management and General	Fund Raising	Total Support Services	Total Expenses
Salaries and Related Expenses							
Salaries	\$ 481,706	\$ 279,024	\$ 760,730	\$ 71,563	\$ 83,483	\$ 155,046	\$ 915,776
Contract services - Interim executive director	103,932	46,242	150,174	13,439	16,388	29,827	180,001
Contract services - Accounting	17,582	7,873	25,455	2,143	2,734	4,877	30,332
Contract services - Other	23,599	52,257	75,856	-	-	-	75,856
Employee benefits	71,321	31,489	102,810	10,002	11,179	21,181	123,991
Payroll fees	2,857	1,273	4,130	361	445	806	4,936
Payroll taxes	40,020	19,379	59,399	4,524	6,790	11,314	70,713
Total Salaries and Related Expenses	741,017	437,537	1,178,554	102,032	121,019	223,051	1,401,605
Accounting and audit fees	9,180	4,085	13,265	1,188	1,447	2,635	15,900
Bank and transaction fees	200	90	290	195	35	230	520
Board and other conferences and workshops	94,077	6,705	100,782	659	15,636	16,295	117,077
Consulting, strategic planning and other professional fees	114,902	23,057	137,959	1,363	25,725	27,088	165,047
Donated items, services and facilities	-	-	-	-	5,100	5,100	5,100
Dues and subscriptions	3,615	1,301	4,916	374	536	910	5,826
Executive director search	32,535	14,553	47,088	3,953	5,072	9,025	56,113
Grants and sub-grants	358,494	36,500	394,994	-	-	-	394,994
Insurance	4,616	2,054	6,670	597	728	1,325	7,995
Information technology and website maintenance	14,371	6,526	20,897	1,568	1,899	3,467	24,364
Legal fees	138	312	450	-	-	-	450
Licenses and permits	872	388	1,260	115	137	252	1,512
Occupancy	38,222	15,146	53,368	4,377	5,355	9,732	63,100
Office and other supplies	11,102	9,890	20,992	351	1,936	2,287	23,279
Outreach	35,871	2,180	38,051	97	118	215	38,266
Postage	1,481	942	2,423	664	1,190	1,854	4,277
Printing and publications	2,840	2,479	5,319	212	802	1,014	6,333
Professional development	886	228	1,114	62	73	135	1,249
Telecommunications	7,204	3,039	10,243	868	1,087	1,955	12,198
Travel and Lodging	40,033	17,616	57,649	1,432	1,675	3,107	60,756
Total expenses before depreciation	1,511,656	584,628	2,096,284	120,107	189,570	309,677	2,405,961
Depreciation	6,098	2,713	8,811	789	961	1,750	10,561
Totals	\$ 1,517,754	\$ 587,341	\$ 2,105,095	\$ 120,896	\$ 190,531	\$ 311,427	\$ 2,416,522

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

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2024 and 2023

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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 1994 as a non-profit corporation and works to collaborate with and serve communities who love the Gulf of Mexico by providing the research, communications, and coalition-building tools needed to reverse the long pattern of over exploitation of the Gulf's natural resources. 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 supports 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 works closely with local communities by providing frequent updates and action alerts on water quality, wetlands, and fisheries issues.

#### ♦ **Resilient Communities and Climate Justice**

HG (1) works to 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, (3) works to 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, and (4) documents and addresses the continuing environmental and community impact of the fossil fuel industry and its associated infrastructure (e.g., pipelines) as well as the petrochemical industry in the five Gulf states, and to hold these industries accountable for their continuing pollution.

### **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.

#### **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.

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2024 and 2023

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

#### Significant Accounting Policies (Continued)

##### 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 years ended December 31, 2024 and 2023 HG contributed \$0 to this fund.

##### 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, 2024 and 2023 was \$12,977 and \$10,561, 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, 2024 and 2023

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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, 2024 and 2023

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

#### Significant Accounting Policies (Continued)

##### Contributed Nonfinancial assets

Contributed nonfinancial assets included donated facilities and other in-kind contributions which are recorded at the respective fair values of the goods or services to be received on the date of receipt. Contributed nonfinancial assets amounted to \$1,200 and \$5,354 for the years ended December 31, 2024 and 2023, respectively.

##### 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 or periodically 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 invoice by the customer. There was no revenue recognized on these contracts for which billings have not been collected from the customer and is included in accounts receivable at December 31, 2024 and 2023.

##### 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, 2024 and 2023

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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 13)

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, 2024 and 2023 (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, 2024 and 2023 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 and considering materiality.

###### Other Assets and Liabilities

At December 31, 2024 and 2023, the carrying value of HG's cash and cash equivalents, accounts receivable, other receivables, employee advances, prepaid expenses, deposits, accounts payable and accrued expenses, payroll taxes withheld and accrued, 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, 2024 and 2023

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

#### Significant Accounting Policies (Continued)

##### Grants Payable

Grants payable are grants authorized but unpaid at year end and are included in accounts payable and accrued expenses on the statement of financial position and amounted to \$95,000 at December 31, 2023. The recipients of these grants are subject to routine performance requirements.

##### Advertising Costs

HG expenses advertising costs as incurred. Advertising expense during the year ended December 31, 2024 amounted to 25,188.

##### Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 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, 2024:

	Fair Market Value	Cost or Assigned Amount
<u>Without donor restrictions</u>		
Mutual Funds	\$3,191,415	\$2,563,608
Equities	<u>1,502</u>	<u>603</u>
	3,192,917	2,564,211
<u>With donor restrictions</u>		
Endowment investments (Administered by GNOF)	<u>75,522</u>	<u>57,811</u>
Totals	<u>\$3,268,439</u>	<u>\$2,622,022</u>

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2024 and 2023

### Note 3 – Investments (Continued)

Investments consist of the following as of December 31, 2023:

	Fair Market Value	Cost or Assigned Amount
<u>Without donor restrictions</u>		
Mutual Funds	\$2,795,453	\$2,422,691
Equities	<u>1,294</u>	<u>603</u>
	2,796,747	2,423,294
 <u>With donor restrictions</u>		
Endowment investments (Administered by GNOF)	<u>67,909</u>	<u>54,520</u>
 Totals	<u>\$2,864,656</u>	<u>\$2,477,814</u>

The following summarizes the investment return and its classification in the statements of activities for the years ended December 31, 2024 and 2023.

	2024	2023
<u>Without donor restrictions</u>		
Interest, dividends and realized gains and losses	\$ 189,237	\$ 117,459
Net unrealized gains (losses)	<u>255,253</u>	<u>308,756</u>
Total investment returns without donor restrictions	<u>444,490</u>	<u>426,215</u>
 <u>With donor restrictions</u>		
Interest and dividends	857	862
Realized gains	3,014	44
Less: administrative expenses	<u>( 580)</u>	<u>( 520)</u>
	3,291	386
Net unrealized gains (losses)	<u>4,322</u>	<u>7,275</u>
Total investment returns with donor restrictions	<u>7,613</u>	<u>7,661</u>
Total investment returns	<u>\$ 452,103</u>	<u>\$ 433,876</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.

### Note 4 – Unconditional Promises to Give Receivable

Unconditional promises to give receivable consisted of the following at December 31, 2024 and 2023.

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2024 and 2023

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

	2024	2023
Without donor restrictions	\$ 400,000	\$ -
With donor restrictions	-	235,000
Gross unconditional promises to give	400,000	235,000
Less: Discount to net present value	( - )	( - )
Net unconditional promises to give	\$ 400,000	\$ 235,000
Amounts due in less than one year	\$ 250,000	\$ 235,000
Amounts due in one to five years	150,000	-
Gross unconditional promises to give	\$ 400,000	\$ 235,000

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, 2024, staff employees had accumulated a total of \$34,788 of unused vacation leave and \$57,154 of unused sick leave.

At December 31, 2023, staff employees had accumulated a total of \$22,617 of unused vacation leave and \$43,110 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, 2024 and 2023 are as follows:

	2024	2023
Funds received	\$ 1,135,482	\$ 1,549,169
Disbursements to or on behalf of beneficiary	(1,311,122)	(1,264,124)
Administrative fee	( 53,647)	( 88,933)
Net change	(229,287)	196,112
Agency funds		
Beginning of year	1,236,808	1,040,696
End of year	\$ 1,007,521	\$ 1,236,808

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2024 and 2023

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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, 2024 and 2022 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, 2024 and 2023 amounted to \$ -0-. Accrued interest at December 31, 2024 and 2023 amounted to \$-0. Interest expense during 2024 and 2023 amounted to \$-0-.

### Note 8 – Restrictions on Net Assets

Net assets with donor restrictions as of December 31, 2024 and 2023 were available for the following purposes.

	2024	2023
Resilient Habitat and Healthy Water Campaign	\$ 106,885	\$ 333,748
Resilient Communities and Climate Justice	922,212	993,318
	<u>1,029,097</u>	<u>1,327,066</u>
 Restricted endowment fund	 75,522	 67,909
 Totals	 <u>\$1,104,619</u>	 <u>\$1,394,975</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.

	2024	2023
Resilient Habitat and Healthy Water Campaign	\$ 480,782	\$ 587,341
Resilient Communities and Climate Justice Campaign	1,098,100	1,517,754
Hurricane Ida Relief	-	137
Totals	<u>\$1,578,882</u>	<u>\$2,105,232</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.

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.

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2024 and 2023

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

The composition of endowment assets for this fund and the changes in endowment net assets as of December 31, 2024 and 2023 is as follows:

	2024	2023
Endowment net assets, beginning of year	\$ 67,909	\$ 60,248
Investments during year	-	-
Investment income (net of expenses)	3,291	386
Unrealized gains (losses)	<u>4,322</u>	<u>7,275</u>
Endowment net assets, end of year	<u>\$ 75,522</u>	<u>\$ 67,909</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, 2024 which includes grants issued prior to December 31, 2024.

Funding Organization	Amount Awarded	2024 Receipts	Estimated 2025 Receipts	Restrictions on Use
The Windward Fund	\$ 450,000	\$ 150,000	\$ 150,000	No restrictions
Marin Community Foundation	125,000	125,000	-	Resilient Communities and Climate Justice
Rockefeller Family Fund	150,000	150,000	-	Resilient Communities and Climate Justice
The Schmidt Family Foundation	100,000	-	100,000	No restrictions
Foundation for Louisiana	75,000	75,000	-	Resilient Communities and Climate Justice
Amalgamated Foundation	80,000	80,000	-	No restrictions
Resources Legacy Fund	608,000	608,000	-	Resilient Communities and Climate Justice
Environmental Defense Fund	27,250	27,250	-	Resilient Communities and Climate Justice
Sông Community Development Corporation	30,000	30,000	-	Resilient Habitat and Healthy Water
Greater New Orleans Foundation	25,000	25,000	-	No restrictions
U.S. Energy Foundation	100,374	100,374	-	Resilient Habitat and Healthy Water
The Kresge Foundation	125,000	125,000	-	No restrictions
Curtis and Edith Munson Foundation	25,000	25,000	-	Resilient Habitat and Healthy Water
Greater New Orleans Foundation	40,000	40,000	-	Resilient Habitat and Healthy Water

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2024 and 2023

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

The following represents a listing of various major funding sources during the year ended December 31, 2023 which includes grants issued prior to December 31, 2023.

Funding Organization	Amount Awarded	2023 Receipts	Actual 2024 Receipts	Restrictions on Use
The Windward Fund	\$ 600,000	\$ 200,000	\$ -	No restrictions
Rockefeller Philanthropy Advisors	150,000	-	150,000	Resilient Communities and Climate Justice
Rockefeller Family Fund	260,000	200,000	60,000	Resilient Communities and Climate Justice
The Schmidt Family Foundation	100,000	100,000	-	No restrictions
Alliance for Affordable Energy	32,867	32,867	-	Resilient Communities and Climate Justice
Amalgamated Foundation	20,000	20,000	-	No restrictions
Amalgamated Foundation	60,000	60,000	-	Resilient Communities and Climate Justice
Environmental Defense Fund	25,500	25,500	-	No restrictions
Environmental Defense Fund	55,000	30,000	25,000	Resilient Communities and Climate Justice
Jacob and Terese Hershey Foundation	50,000	50,000	-	Resilient Communities and Climate Justice
Sustainable Markets Foundation	33,300	33,300	-	No restrictions
U.S. Energy Foundation	30,000	30,000	-	Resilient Communities and Climate Justice
Silicon Valley Community Foundation	25,000	25,000	-	No restrictions
Curtis and Edith Munson Foundation	25,000	25,000	-	Resilient Habitat and Healthy Water
Friends of the Earth	25,000	25,000	-	Resilient Habitat and Healthy water

### Note 10– Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, occasionally some individuals volunteer their time and perform a variety of tasks that assist the Organization in its activities, but these services do not meet the criteria for recognition as contributed services.

### Note 11– Lease Commitments

HG entered into a lease agreement for its current office 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. The lease provided for one renewal term of five years under the same terms and conditions of the original lease with a maximum increase on monthly rental of 5%.

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2024 and 2023

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### Note 11– Lease Commitments (Continued)

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14 related to Leases (Topic 842), in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the Statements of Financial Position and disclosing key information about leasing arrangements for operating leases that are greater than one year in duration. The ASU specifically requires an organization to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments in the Statements of Financial Position and recognize a single lease cost, calculated so the cost of the lease is allocated over the lease term on a generally straight-line basis. The guidance in the ASU is effective for not-for-profit entities for fiscal years beginning after December 15, 2021 and early adoption is permitted.

During the year ended December 31, 2022 HG implemented the ASU. HG has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. As a result, HG recorded a right-of-use asset in the amount of \$354,814. HG recorded an operating lease liability in the amount of \$354,814 by calculating the present value using the discount rate of 6% and over the remaining period of the lease plus one renewal term.

Effective December 1, 2024, this lease was amended to extend the term of the lease for an additional thirty-six months. The monthly rent for the first twenty-four months is \$4,546 and then increasing to \$4,620 for the final twelve months. Accordingly, the right-of-use asset and operating lease liability was adjusted and increased by \$38,244 to account for the lease amendment using the discount rate of 5% and over the remaining period of the lease plus one renewal term.

As of December 31, 2024 and 2023, the unamortized right-of-use asset was \$276,827 and \$278,862, respectively. As of December 31, 2024 and 2023, the unamortized operating lease liability was \$281,824 and \$282,303, respectively. The lease cost, including imputed interest and amortization of the right-of-use asset for the years ended December 31, 2024 and 2023 was \$56,190 and \$56,284, respectively, and is included in occupancy expense in the accompanying Statements of Functional Expenses.

The following is a schedule of the future minimum lease payments:

2025	\$ 54,552
2026	54,626
2027	55,440
2028	55,440
Thereafter	106,260
Less: imputed interest	<u>( 44,494)</u>
Total operating lease Liability	<u>\$ 281,824</u>

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2024 and 2023

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### Note 11– Lease Commitments (Continued)

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 years ended December 31, 2023 and 2022 amounted to \$4,202 and \$25,212, respectively. This lease was continued on a month-to month basis until it was terminated in February of 2023.

### Note 12– 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.

### Note 13– 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, 2024 and 2023 are as follows:

	<u>Fair Value Measurements at Reporting Date Using</u>			<u>Fair Value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
<u>December 31, 2024</u>				
Assets:				
Unconditional promises to give	\$ -	\$ -	\$ 400,000	\$ 400,000
Investments	3,192,917	-	-	3,192,917
Investments-Endowment	<u>30,964</u>	<u>6,042</u>	<u>-</u>	<u>37,006</u>
Totals in fair value hierarchy	<u>\$3,223,881</u>	<u>\$ 6,042</u>	<u>\$ 400,000</u>	3,629,923
Investments-Endowment measured at Net Asset Value (a)				<u>38,516</u>
Total				<u>\$3,668,439</u>

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2024 and 2023

### Note 13– Fair Value Measurements (Continued)

	<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, 2023</b>				
<b>Assets:</b>				
Unconditional promises to give	\$ -	\$ -	\$ 235,000	\$ 235,000
Investments	2,796,747	-	-	2,796,747
Investments-Endowment	<u>24,447</u>	<u>5,433</u>	<u>-</u>	<u>29,880</u>
Totals in fair value hierarchy	<u>\$2,821,194</u>	<u>\$ 5,433</u>	<u>\$ 235,000</u>	3,061,627
Investments-Endowment measured at Net Asset Value <sup>(a)</sup>				<u>38,029</u>
Total				<u>\$3,099,656</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, 2024 and 2023 that feature NAV per share are comprised of by various private equity funds, hedge funds, limited liability entities and pooled investment funds.

The changes during the years ended December 31, 2024 and 2023 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.

	<u>Level 3 Beginning Balance</u>	<u>Collections in 2024</u>	<u>Additions in 2024</u>	<u>Level 3 Ending Balance</u>
<b>2024</b>				
Unconditional Promises to Give	<u>\$ 235,000</u>	<u>\$ (235,000)</u>	<u>\$ 400,000</u>	<u>\$ 400,000</u>
	<u>Level 3 Beginning Balance</u>	<u>Collections in 2023</u>	<u>Additions in 2023</u>	<u>Level 3 Ending Balance</u>
<b>2023</b>				
Unconditional Promises to Give	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235,000</u>	<u>\$ 235,000</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.

## Notes to Financial Statements

Healthy Gulf, Inc.

December 31, 2024 and 2023

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### Note 14– 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.

	2024	2023
Financial assets at year-end	\$5,845,073	\$5,251,098
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted to the following:		
Resilient Habitat and Healthy Water Campaign	106,885	333,747
Resilient Communities and Climate Justice Campaign	922,212	993,318
Donor restricted endowment fund	75,522	67,909
Unconditional promises to give collectible beyond one year	150,000	-
Agency funds	<u>1,007,521</u>	<u>1,236,808</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$3,582,933</u>	<u>\$2,619,316</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.

### Note 15– 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 3% of the compensation of the employee. HG made matching contributions in the amounts of \$16,508 and \$16,390 for the years ended December 31, 2024 and 2023, respectively.

### Note 16 – Related Party Transactions

Employee advances at December 31, 2024 of \$6,054 represents amounts due from the executive director of the organization related to the employee portion of health insurance in which was inadvertently not withheld from payroll during 2024. There is an agreement between the parties for the repayment in full of this amount in 2025.

### Note 17 – Evaluation of Subsequent Events

HG has evaluated subsequent events through November 13, 2025, the date which the financial statements were available to be issued and determined that no events occurred that require disclosure.