

THE OCEAN FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2021

KRONZEK, FISHER & LOPEZ, PLLC

Certified Public Accountants

THE OCEAN FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Ocean Foundation
Washington, DC

We have audited the accompanying financial statements of The Ocean Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility


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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ocean Foundation as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.


KRONZEK, FISHER & LOPEZ, PLLC
Washington, DC
November 4, 2021

THE OCEAN FOUNDATION
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,775,334
Investments	530,398
Receivables	3,275,165
Prepaid expenses	38,532
	<u>6,619,429</u>

PROPERTY AND EQUIPMENT

Furniture, equipment and software	115,325
Vehicle	17,895
	<u>133,220</u>
Less: accumulated depreciation	<u>133,220</u>
	-

OTHER ASSETS

Investment (interest in undeveloped land)	9,300,000
Receivables, net of current	430,320
Intangible assets, net	31,920
Security deposit	11,161
	<u>9,773,401</u>

TOTAL ASSETS

\$ 16,392,830

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable & accrued expenses	\$ 658,546
Tenant security deposit	3,100
Passthru grant	35,542
Refundable advance	80,533
Charitable gift annuity (current portion)	620
	<u>778,341</u>

OTHER LIABILITIES

Deferred rent liability	26,905
Charitable gift annuity (net of current)	2,535
	<u>29,440</u>

TOTAL LIABILITIES

807,781

NET ASSETS

Without donor restrictions		
Undesignated	\$ 35,339	
Designated by Board	<u>12,235,812</u>	12,271,151
With donor restrictions - purpose restrictions		<u>3,313,898</u>

TOTAL NET ASSETS

15,585,049

TOTAL LIABILITIES AND NET ASSETS

\$ 16,392,830

See accompanying notes to financial statements.

THE OCEAN FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE & SUPPORT			
Grants & contributions	\$ 171,390	\$ 8,153,810	\$ 8,325,200
Program service revenue	718,825	-	718,825
Rental income	38,340	-	38,340
Investment income - net realized & unrealized gain/(loss)	96,255	-	96,255
Investment income - other	2,274	-	2,274
Other income	112,194	-	112,194
	<u>1,139,278</u>	<u>8,153,810</u>	<u>9,293,088</u>
Net assets released from restriction:			
Satisfaction of program restrictions	7,517,679	(7,517,679)	-
Total revenue & support	<u>8,656,957</u>	<u>636,131</u>	<u>9,293,088</u>
EXPENSES			
Program Services			
Protecting Marine Habitats	2,561,246	-	2,561,246
Protecting Species of Concern	1,664,776	-	1,664,776
Building Marine Community Capacity	1,129,820	-	1,129,820
Ocean Literacy	1,663,767	-	1,663,767
Total program expenses	<u>7,019,609</u>	<u>-</u>	<u>7,019,609</u>
Support Services			
Management & general	826,767	-	826,767
Fundraising	720,793	-	720,793
Total support expenses	<u>1,547,560</u>	<u>-</u>	<u>1,547,560</u>
Total expenses	<u>8,567,169</u>	<u>-</u>	<u>8,567,169</u>
CHANGE IN NET ASSETS	89,788	636,131	725,919
Beginning net assets	<u>12,181,363</u>	<u>2,677,767</u>	<u>14,859,130</u>
Ending net assets	<u>\$ 12,271,151</u>	<u>\$ 3,313,898</u>	<u>\$ 15,585,049</u>

See accompanying notes to financial statements.

THE OCEAN FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Protecting Marine Habitats	Protecting Species of Concern	Building Marine Community Capacity	Expanding Ocean Literacy	Total Program	Management & General	Fundraising	Total Expenses
Grants awarded	\$ 473,350	\$ 387,916	\$ 240,824	\$ 172,350	\$ 1,274,440	\$ -	\$ -	\$ 1,274,440
Salaries & wages	302,126	551,346	256,910	437,468	1,547,850	500,605	453,389	2,501,844
Payroll taxes	25,724	45,571	14,254	31,463	117,012	42,616	40,197	199,825
Employee benefits	50,278	86,156	20,034	59,632	216,100	91,880	67,957	375,937
Travel & carbon offsets	55,773	49,657	49,226	83,502	238,158	233	8,946	247,337
Conferences & meetings	3,114	942	9,393	1,961	15,410	1,521	3,099	20,030
Project & field expenses	72,790	74,119	29,189	33,646	209,744	-	3,136	212,880
Promotional merchandise	-	3,159	-	204	3,363	-	180	3,543
Scientific & technical consultants	6,176	5,186	3,070	6,000	20,432	13,068	7,799	41,239
Research & advocacy fees	1,143,508	281,962	277,795	398,576	2,101,841	22,825	10,942	2,135,608
Communications & design fees	148,557	15,296	12,209	134,685	310,747	-	13,550	324,297
Web hosting, design & maint	2,739	3,942	865	13,656	21,202	31	5,145	26,378
Program mgt & support fees	120,033	86,478	149,811	217,163	573,485	-	-	573,485
Legal fees	71,408	1,235	727	782	74,152	3,869	914	78,935
Accounting & bookkeeping svcs	2,920	3,581	4,609	1,820	12,930	11,223	2,651	26,804
Insurance	7,639	10,323	5,517	5,914	29,393	29,363	6,936	65,692
Office expenses, supplies, equip	11,571	6,472	7,153	14,418	39,614	13,995	4,631	58,240
Occupancy	23,536	24,572	18,341	14,695	81,144	75,935	57,959	215,038
Telephone & Internet	15,693	14,119	2,730	4,579	37,121	6,310	1,811	45,242
Printing & duplicating	2,748	79	193	310	3,330	28	3,304	6,662
Postage & delivery	460	1,501	13,030	2,473	17,464	752	1,621	19,837
Dues, books & subscriptions	10,152	1,302	7,946	3,419	22,819	205	17,373	40,397
Bank & donation processing fees	7,539	3,330	3,388	8,159	22,416	1,117	6,669	30,202
Amortization	1,568	1,923	1,132	8,201	12,824	6,026	1,423	20,273
Advertising	500	-	500	6,490	7,490	-	-	7,490
Licenses, taxes & fees	1,344	4,609	974	2,201	9,128	5,165	1,221	15,514
	\$ 2,561,246	\$ 1,664,776	\$ 1,129,820	\$ 1,663,767	\$ 7,019,609	\$ 826,767	\$ 720,793	\$ 8,567,169

THE OCEAN FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

Cash flows from operating activities:	
Cash received from grants & contributions	\$ 8,590,811
Cash received from program service revenue	724,346
Interest received	2,274
Cash received from subtenant & other income	150,534
Cash paid to employees and vendors	<u>(8,250,839)</u>
Net cash provided by operating activities	1,217,126
Cash flows from investing activities:	
Cash received from sale of investments	11,278
Cash paid for investments	<u>(200,000)</u>
Net cash used by investing activities	(188,722)
Net increase in cash and cash equivalents	1,028,404
Cash and cash equivalents - July 1, 2020	<u>1,746,930</u>
Cash and cash equivalents - June 30, 2021	<u>\$ 2,775,334</u>
Reconciliation of increase in net assets to net cash provided by operating activities:	
Change in net assets	\$ 725,919
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Net realized & unrealized gain on investments	(96,255)
Net fees withdrawn directly from investment account	(26)
Donated stock	(1,023)
Amortization	20,273
Changes in assets and liabilities:	
Decrease in receivables	256,724
Increase in prepaid expenses	(4,889)
Decrease in security deposit	881
Increase in accounts payable & accrued expenses	283,830
Increase in passthru grant	35,542
Increase in refundable deposit	80,533
Decrease in deferred rent liability	(83,763)
Decrease in charitable gift annuity	<u>(620)</u>
Net cash provided by operating activities	<u>\$ 1,217,126</u>

See accompanying notes to financial statements.

THE OCEAN FOUNDATION
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 - ORGANIZATION

The Ocean Foundation is a non-profit organization, incorporated in California in 2001 and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The organization is a publicly supported organization under Section 509(a)(1) of the Internal Revenue Code and Subsection 170(b)(A)(vi).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Pronouncements Adopted – The organization adopted Accounting Standards Update (ASU) No. 2014-09 Revenue from Contracts with Customers (Topic 606) during the fiscal year. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Additionally, if required, the guidance requires disclosures related to the nature, timing, and uncertainty of revenue that is recognized.

In June 2018, the FASB issued ASU 2018-08, Not-for Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU amended guidance to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The guidance provides a more robust framework to determine when a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also requires an entity to determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor's obligation to transfer assets.

The adoption of these standards by the organization during the year did not have a material impact on the accompanying financial statements. Federal grants awarded during the year that would have been recognized in their entirety in previous years are now only being recognized in the fiscal year that the performance obligations are met.

Basis of accounting - The financial statements of the organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America for not-for-profit organizations.

Revenue Recognition – Grants and contributions are recognized when an unconditional grant or contribution has been awarded, or when the organization has satisfied the requirements of the condition. Grants and contributions received are recorded with donor restrictions or without donor restrictions depending on the existence of any donor restrictions.

Net Assets – Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantors) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Asset With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents – The organization considers cash equivalents to be highly liquid investments with original maturities at time of purchase of less than 90 days.

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Furniture, Equipment & Software – Furniture, equipment & software over \$2,500 are recorded at cost of acquisition or fair market value of donation. Depreciation on such fixed assets is determined by the straight-line method based on an estimated useful life of three years. All fixed assets have been fully depreciated.

Intangible Assets - Intangible assets consist of costs related to the design and development of the organization's website, net of accumulated amortization. The website became active in FY20 and is being amortized over an estimated useful life of three years. Costs associated with maintaining the website are expensed as incurred.

Functional expenses - The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Fair Value of Financial Instruments - The financial instruments of the organization are reported on the statement of financial position at market or fair values, or at carrying amounts that approximate fair values because of the short maturity of the instruments. See Note 9 for a description of financial instruments carried at fair value.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Foreign Currency Transactions – Assets and liabilities denominated in foreign currencies are translated into U.S. dollars, the reporting currency, at exchange rates in effect on reporting dates, and revenue and expenses are translated at rates which approximate those in effect on transaction dates. Net transaction and translation gains and losses of \$3,883 are included as other income in the accompanying statement of activities.

NOTE 3 – RECEIVABLES

Receivables as of June 30, 2021 were determined to be collectible as follows -

Within one year	\$3,275,165
Greater than one year	<u>430,320</u>
Total	\$3,705,485

The organization does not discount the amounts greater than a year to present value because it considers the discount rate to be nominal.

The organization determined that no allowance for uncollectible pledges was necessary for grants and other receivables based on historical information and management's analysis of the pledges outstanding as of June 30, 2021.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

In August of 2020, the organization signed an amendment to its existing lease, extending the lease term, reducing the monthly rent payments per square foot on the leased space, and removing the co-tenants from the lease agreement. In addition, the existing balance of \$108,311 in deferred rent liability on its books as a result of the prior lease agreement was written off and posted to Other Income in the statement of activities.

Effective September 1, 2020, the organization became solely responsible for the entire commitment of the office space located at 1320 19th Street, NW, 5th Floor, Washington, DC through February 28, 2031.

THE OCEAN FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 4 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

The organization's minimum lease commitment as of June 30, 2021 contained in the lease is as follows:

For the year ending June 30, 2022	226,195
June 30, 2023	232,981
June 30, 2024	239,970
June 30, 2025	247,169
June 30, 2026	254,584
June 30, 2027	262,222
June 30, 2028	270,088
June 30, 2029	278,191
June 30, 2030	286,537
June 30, 2031	<u>195,301</u>
Total	\$2,493,238

Monthly rent expense to be recognized over the lease on a straight-line basis will be \$21,261 (\$2,678,948 divided by 126 months).

The difference between the monthly rent expense and the net minimum rent payments throughout the term of the lease is being adjusted to deferred rent liability. The balance in deferred rent liability at June 30, 2021 was \$26,905.

The organization does have a memorandum of understanding with the previous co-tenants listed on the original lease to pay the landlord directly for the portion of the office space that they continue to occupy. The payments by the co-tenants reduce the net minimum monthly payments listed above, and therefore the monthly rent expense by the organization.

The organization also continues to sublease a portion of its office space for basic monthly rent payments of \$3,195 through May 31, 2022.

NOTE 5 – LINE OF CREDIT

The organization received a \$500,000 bank line of credit on August 29, 2017. As of June 30, 2021, the outstanding balance on the line of credit was \$0. All advances are due in forty-eight monthly installments including interest. All personal property, cash and other assets of the organization are collateralized for this line of credit.

NOTE 6 – CONCENTRATION OF CREDIT RISK

The organization maintains cash balances in excess of \$250,000 in accounts, which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2021, the organization's cash balance in excess of FDIC insurance totaled \$2,252,301. Management periodically assesses the financial condition of the financial institutions and believes that the risk of any credit loss is nominal.

NOTE 7 – RETIREMENT PLAN

The Organization offers eligible employees the option of investing in a tax-deferred 401(k) retirement plan. Employee elective deferrals are allowed after one year of service. The Organization will contribute, at its sole

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 7 – RETIREMENT PLAN (CONTINUED)

discretion, an amount determined from year to year on a pro rata basis. The employer contributions vest over a five-year period. Pension expense for the fiscal year ended June 30, 2021 was \$152,977.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS AND WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED

The organization's purpose is to encourage and facilitate a variety of philanthropic and programmatic work to preserve the health of the Oceans, globally. To further this goal, the organization manages a variety of funds some of which actively conduct programs and some of which raise and grant money to further various important ocean conservation goals.

The organization designates its Net Assets in three categories: With Donor Restrictions, Without Donor Restrictions - Board Designated, and Without Donor Restrictions.

It uses the category of "Without Donor Restrictions - Board Designated" for two types of situations. In the first type of situation, a fund will generate program service revenue, which, as earned income rather than support, is not restricted, but the Board has designated that funds may keep their revenues, and therefore that part of a fund's balance is characterized as "Without Donor Restrictions - Board Designated." In the second situation, the organization has a donor advised fund, which has goals that are as broad as the world's Oceans, identical to the exempt purpose of the organization itself. However, since a key strategy in encouraging philanthropic support for the Oceans is to nurture and develop various types of funds including donor advised funds, the organization has designated the broad donor advised fund's net assets as "Without Donor Restrictions - Board Designated."

Net Assets With Donor Restrictions and Without Donor Restrictions – Board Designated are available for the following purposes:

	<u>With Donor Restriction Purpose</u>	<u>Without Donor Restriction Designated</u>	<u>Fund Total</u>
<u>Protecting Marine Habitats</u>			
Baja Dad Holdings	\$ -	\$ 9,300,000	\$ 9,300,000
Deep Sea Mining Campaign	30,432	-	30,432
LSIESP	171,739	595	172,334
Alabama River Diversity Network	44,955	-	44,955
High Seas Alliance FSF	1,970,691	199,216	2,169,907
Friends of GA Strait Alliance	-	639	639
SURMAR-ASIMAR	99,234	24,858	124,092
W. Henry Coral Reef DAF	-	27,216	27,216
Deborah Williams DAF	-	27,761	27,761
San Basilio Sanctuary	-	473	473
Sub-total Protecting Marine Habitats	<u>\$2,317,051</u>	<u>\$9,580,758</u>	<u>\$11,897,809</u>

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS AND WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED (CONTINUED)

Protecting Species of Concern

Sawfish Conservation Society	\$ 6,507	\$ 990	\$ 7,497
Tracking Turtles Thru Time	84,945	-	84,945
Saving Ocean Wildlife	-	3,150	3,150
Friends of Havenworth Coastal Conserv.	13,568	275	13,843
International Fisheries Conservation	166,242	557,186	723,428
Sea Turtle Census Initiative	-	57,829	57,829
Eastern Pacific Hawksbill Initiative	39,080	157,417	196,497
Shark Advocates International	168,513	104,723	273,236
Tag-A-Giant	18,223	63,281	81,504
Superfish Track Research Partnership	-	3,798	3,798
Friends of La Tortuga Viva	-	3,106	3,106
Friends of Grupo Tortuguero	100	-	100
PLF Marine Mammal Research DAF	-	115,174	115,174
Boy N. Lyon Sea Turtle CAF	-	28,328	28,328
ISSF Sea Turtle CAF	-	97,183	97,183
The Wise Laboratory	-	77	77
N. Coast Breeding Mammal Fund CAF	-	181	181
Friends of Conservacion ConCiencia	38,733	98,938	137,671
Sub-total Protecting Species of Concern	\$535,911	\$1,291,636	\$1,827,547

Bldg Marine Comm Capacity

Big Ocean	\$ -	\$ 150,066	\$ 150,066
The Acadia DAF	-	19,973	19,973
Redfish Rocks Community	51,459	32,735	84,194
Blue Climate Solutions	25,222	15,500	40,722
Ocean Conservation Research	-	15,831	15,831
Friends of Sustainable Travel	29	2,293	2,322
Anonymous	-	78,721	78,721
Friends of Pro Esteros	1,908	30,000	31,908
Sub-total Bldg Marine Comm Capacity	\$78,618	\$345,119	\$423,737

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS AND WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED (CONTINUED)

Expanding Ocean Literacy

earthDECKS.org	\$ -	\$ 154	\$ 154
SEVENSEAS	72,795	4,462	77,257
The Ocean Project	225,802	233,685	459,487
Ocean Connectors	11,893	316,918	328,811
Ocean Revolution	-	32,354	32,354
The Science Exchange	-	207,659	207,659
The Last Ocean Project	5,399	-	5,399
Inland Ocean Coalition	57,107	82,219	139,326
LivBlue	1,476	3,835	5,311
Deep Green Wilderness	7,846	590	8,436
Luke's Lobster DAF	-	5,176	5,176
Friends of Darwin 200	-	83,879	83,879
Navigating Our Way to Solutions	-	47,368	47,368
Sub-total Expanding Ocean Literacy	<u>\$382,318</u>	<u>\$1,018,299</u>	<u>\$1,400,617</u>
Total Net Assets	<u>\$ 3,313,898</u>	<u>\$12,235,812</u>	<u>\$15,549,710</u>

Net assets were released from donor restrictions by incurring expenses or satisfying the purpose of time restriction specified by donors as shown below. In the case of the Anonymous Donor Advised Fund, the amount shown as released includes the reclassification of the fund from With Donor Restrictions to Without Donor Restrictions – Board Designated based on the broad purposes discussed above.

Protecting Marine Habitats

Blue Resilience Initiative	\$ 585,851
Redesigning Plastics Initiative	103,945
SeaGrass Grow-Restoration	418
Harte Fisheries	168,702
Keep Loreto Magical	27,394
The Sargasso Sea Project	56,791
11th Hour Racing	8,638
Antarctica/Southern Ocean	92,165
High Seas	275,932
NE Right Whale	434,612
Deep Sea Mining Campaign	97,612
Coral Reef	367
Polar Seas	363
Coastal Coordination	65,570
LSIESP	83,686
Alabama River Diversity Network	9,854
High Seas Alliance	612,561
Friends of GA Strait Alliance	11,398
SURMAR-ASIMAR	20,315
San Basilio Sanctuary	67
Sub-total Protecting Marine Habitats	<u>2,656,241</u>

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS AND WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED (CONTINUED)

Protecting Species of Concern

Sawfish Conservation Society	\$	746
Tracking Turtle Time		9,455
Saving Ocean Wildlife		15,510
Friends of Havenworth Coastal Conservation		28,656
Sharks & Rays		32
International Fisheries Conservation		496,996
St. Croix Leatherbacks - Sea Turtle Census Initiative		277,214
Marine Mammal FIF		1,600
Eastern Pacific Hawksbill Initiative		36,157
Shark Advocates International		108,438
Tag-A-Giant		232,118
SmartFish International		29,947
Superfish Tracking Research Partnership		20,715
Friends of La Tortuga Viva		8,319
Friends of Grupo Tortuguero		5,954
Boyd N. Lyon Sea Turtle CAF		2,579
ISSF Sea Turtle CAF		72,858
The Wise Laboratory		835
N. Coast Breeding Mammal Fund CAF		35,022
Friends of Conservacion ConCiencia		175,563
Sub-total Protecting Species of Concern		<u>1,558,714</u>

Bldg Marine Comm Capacity

Ocean Leadership Fund	\$	290,270
Mexico Initiative		56,138
International Ocean Acidification Initiative		466,776
Marine Photo Bank		5,937
UN Decade of Ocean Science		47,217
World Ocean Initiative		146,101
BC First Nations		32,260
FCF-Deep Blue		95,000
Inuit		110,588
Ocean State of Mind		45,886
Big Ocean		86,612
The Acadia DAF		10,000
Friends of Fundacion Tropicalia		4,747
Redfish Rocks Community		40,419
Blue Climate Solutions		6,366
Ocean Conservation Research		99,096
Uncharted Blue		(2,500)
Friends of Sustainable Travel		11,395
Friends of Pro Esteros		50,450
Friends of Island Reach		155
Sub-total Bldg Marine Comm Capacity		<u>1,602,913</u>

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS AND WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED (CONTINUED)

Expanding Ocean Literacy

SeaGrass Grow-Gen/Education	\$ 4,591
Rockefeller Climate Strategy	65,000
Boater Behavior Project	18,785
NCEL Offshore Drilling/Plastics	57,707
SEVENSEAS	74,684
The Ocean Project	342,115
Ocean Connectors	269,514
Ocean Revolution	133,019
The Science Exchange	22,532
Inland Ocean Coalition	283,001
The LivBlue Foundation	548
Friends of Deep Green Wilderness	42,592
Friends of Darwin 200	131,965
Who Save the Whale Lagoon	245,126
Navigating Our Way to Solutions	<u>8,632</u>
Sub-total Expanding Ocean Literacy	1,699,811
Total Purpose Restricted Net Assets	
Released and Reclassified	<u>\$ 7,517,679</u>

NOTE 9 – FAIR VALUE MEASUREMENTS

The organization follows FASB ASC 820-10 for financial assets (and liabilities) measured on a recurring basis, as amended. FASB ASC 820-10 clarifies fair value, establishes a framework for measuring fair value under generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements.

FASB ASC 820-10 emphasizes that fair value is a market-based measurement, not an entity-specific measurement and, therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. FASB ASC 820-10 established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, as a basis for considering market participant assumptions in fair value measurements, whereby the market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances. The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1 – inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset and liability, either directly or indirectly, through corroboration with observable market data (market corroborated inputs).

Level 3 – unobservable inputs for the asset or liability including inputs that reflect the reporting entity's own assumptions in determining the fair value measurements.

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 9 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes the Organization's assets and liabilities measured at fair value on a recurring basis as of June 30, 2021:

Assets Measured at Fair Value

Description	Fair Value	Level 1	Level 2	Level 3
Money Market Fund	\$ 23,033	\$ 23,033	\$ -	\$ -
Equities	24,941	24,941	-	-
Mutual Funds/ETFS	19,195	19,195	-	-
Equity Interest (100%)	9,300,000	-	-	9,300,000
Partnership	<u>486,263</u>	<u>-</u>	<u>-</u>	<u>486,263</u>
	<u>\$9,853,432</u>	<u>\$ 67,169</u>	<u>\$ -</u>	<u>\$ 9,786,263</u>

The Organization used the following methods and significant assumptions to estimate fair value for assets and liabilities recorded at fair value.

Money Market Fund – is valued using the net asset value provided by the administrator of the fund. The net asset value is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. Money Market Funds seek a stable \$1.00 net asset value. The net asset value is a quoted price in an active market and classified within Level 1 of the valuation hierarchy.

Equity, Mutual funds and ETFs – are measured using quoted market prices for identical assets in active markets.

Partnership – Interest in Rockefeller Ocean Fund, L.P. is valued at the current market value of the organization's interest in the undisclosed underlying securities which make up the assets in the partnership's portfolio. At June 30, 2021 this investment is valued at \$486,263.

The Organization provides Rockefeller Financial with specialized insight and research on marine trends, risks and opportunities, as well as analysis and thought leadership on marine conservation initiatives. Applying this research alongside its internal asset management capabilities, Rockefeller's experienced investment team works to identify best-in-class public companies whose businesses are involved across the board spectrum of the ocean network globally. The strategy seeks investment opportunities in diverse industries ranging from maritime transportation, manufacturing and industrial services, healthcare, ocean energy, water and wastewater utilities, water pumps and valves, remote sensing, leak monitoring, consulting as well as engineering for water infrastructure and technologies to maximize water supplies through purification and metering.

The following table presents the Organization's activity for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in ASC 820 for the year ended June 30, 2021.

<u>Change in Level 3 Category</u>	<u>Interest in Limited Partnership</u>
July 1, 2020 balance	\$199,537
Purchase of additional investment	200,000
Fees	(659)
Net unrealized gains (losses)	86,764
Investment income – other	<u>621 *</u>
June 30, 2021 balance	<u>\$486,263</u>

*This amount is comprised of dividends, realized capital gains (losses), less expenses and fees.

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 9 – FAIR VALUE MEASUREMENTS (CONTINUED)

The Organization received a donation of 100% of the shares of Baja Dad Holdings S.R.L. de C.V. The assets of Baja Dad Holdings S. R. L de C.V consist of 323 hectares of land with approximately 1.5 linear kilometers of ocean frontage in San Juanico Gulf in the municipality of Loreto, Baja California Sur, Mexico. This land has been independently appraised at \$9,300,000. The intent of the organization is to subsequently dissolve the S.R.L de C.V. upon donating the land to a Mexican, NGO, who will execute the suggestions of the donor.

NOTE 10 - DONATED SERVICES

The organization received donated legal services during the year. The value of these services totaled \$64,410 for the year ended June 30, 2021. The income and related expense of these donated services are recognized on these financial statements respectively under grants & contributions and legal fees.

NOTE 11 – INCOME TAXES

The organization is exempt from income taxes under Internal Revenue Code 501(c)(3) and applicable DC statutes. No provision for income taxes is required at June 30, 2021, as the Organization had no net unrelated business income.

The organization follows FASB ASC 740-10, Income Taxes the authoritative guidance relating to accounting for uncertainty in income taxes. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertain tax positions for the year ended June 30, 2021, and determined that there were no matters that would require recognition in the financial statements or which may have any effect on its tax-exempt status. As of June 30, 2021, the statute of limitations for tax years 2017 through 2019 remains open with federal and state authorities

NOTE 12 - LIQUIDITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside for as a board designated fund.

Financial assets, at year end	\$ 7,112,081
Less those unavailable for general expenditures within one year due to:	
Restriction by donor for purpose	(3,313,898)
Board designated funds not available for TOF	<u>(2,540,833)</u>
Financial assets available to meet cash needs for general expenditures Within one year	<u>\$ 1,257,350</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available for its expenditures, liabilities, and other obligations that come due. Excess cash is generally held in savings or money market accounts until it is required for operational use.

THE OCEAN FOUNDATION
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 13 – SUBSEQUENT EVENTS

The organization's management has evaluated subsequent events through November 4, 2021, the date the financial statements were available to be issued. There were no subsequent events identified through November 4, 2021, required to be disclosed in these financial statements.

The COVID-19 outbreak in the United States continues to cause disruption through mandated and voluntary closings of businesses and organizations. The extent of the impact of COVID-19 on the organization's operational and financial performance depends on certain developments, including the duration and spread of the outbreak, impact on the organization's funders, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent of which COVID-19 may impact the Organization's financial condition or results of operations is still uncertain