

THE OCEAN FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2022

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

Opinion

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, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ocean Foundation as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Ocean Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 The Ocean Foundation'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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Ocean Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Ocean Foundation's ability to continue as a going concern for a reasonable period of time.

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

Kronzek, Fisher & Lopez PLLC
KRONZEK, FISHER & LOPEZ, PLLC
Washington, DC
November 3, 2022

THE OCEAN FOUNDATION
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	2,355,211
Investments		937,370
Receivables		2,687,726
Prepaid expenses		45,736
		6,026,043

PROPERTY AND EQUIPMENT

Furniture, equipment and software		149,449
Vehicle		17,895
		167,344
Less: accumulated depreciation		135,116
		32,228

OTHER ASSETS

Investment (interest in undeveloped land)		9,300,000
Receivables, net of current		1,323,272
Intangible assets, net		22,980
Security deposit		11,161
		10,657,413

TOTAL ASSETS

\$ 16,715,684

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable & accrued expenses	\$	796,830
Tenant security deposit		3,100
Passthru grant		15,012
Deferred revenue		62,979
Refundable advance		124,480
Charitable gift annuity (current portion)		620
		1,003,021

OTHER LIABILITIES

Deferred rent liability		55,848
Charitable gift annuity (net of current)		1,915
		57,763

TOTAL LIABILITIES

1,060,784

NET ASSETS

Without donor restrictions		
Undesignated	\$ (713,830)	
Designated by Board	12,543,767	11,829,937

With donor restrictions - purpose restrictions		3,824,963
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TOTAL NET ASSETS

15,654,900

TOTAL LIABILITIES AND NET ASSETS

\$ 16,715,684

See accompanying notes to financial statements.

THE OCEAN FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE & SUPPORT			
Grants & contributions	\$ 260,864	\$ 10,880,264	\$ 11,141,128
Program service revenue	637,529	-	637,529
Rental income	38,340	-	38,340
Investment income - net realized & unrealized gain/(loss)	(186,317)	-	(186,317)
Investment income - other	7,148	-	7,148
	<u>757,564</u>	<u>10,880,264</u>	<u>11,637,828</u>
Net assets released from restriction:			
Satisfaction of program restrictions	10,369,199	(10,369,199)	-
Total revenue & support	<u>11,126,763</u>	<u>511,065</u>	<u>11,637,828</u>
EXPENSES			
Program Services			
Protecting Marine Habitats	4,668,278	-	4,668,278
Protecting Species of Concern	1,928,185	-	1,928,185
Building Marine Community Capacity	1,253,490	-	1,253,490
Ocean Literacy	1,839,551	-	1,839,551
Total program expenses	<u>9,689,504</u>	<u>-</u>	<u>9,689,504</u>
Support Services			
Management & general	989,901	-	989,901
Fundraising	888,572	-	888,572
Total support expenses	<u>1,878,473</u>	<u>-</u>	<u>1,878,473</u>
Total expenses	<u>11,567,977</u>	<u>-</u>	<u>11,567,977</u>
CHANGE IN NET ASSETS	(441,214)	511,065	69,851
Beginning net assets	<u>12,271,151</u>	<u>3,313,898</u>	<u>15,585,049</u>
Ending net assets	<u>\$ 11,829,937</u>	<u>\$ 3,824,963</u>	<u>\$ 15,654,900</u>

See accompanying notes to financial statements.

THE OCEAN FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Protecting Marine Habitats	Protecting Species of Concern	Building Marine Community Capacity	Expanding Ocean Literacy	Total Program	Management & General	Fundraising	Total Expenses
Grants awarded	\$ 765,011	\$ 353,697	\$ 358,259	\$ 268,761	\$ 1,745,728	\$ -	\$ -	\$ 1,745,728
Salaries & wages	396,783	653,124	136,817	591,223	1,777,947	621,444	548,705	2,948,096
Payroll taxes	30,806	52,397	11,744	42,909	137,856	53,401	46,611	237,868
Employee benefits	70,618	90,740	20,152	74,406	255,916	93,823	76,201	425,940
Travel & carbon offsets	392,172	116,167	73,000	122,588	703,927	2,088	19,336	725,351
Conferences & meetings	66,609	1,604	24,609	28,382	121,204	111	18,630	139,945
Project & field expenses	293,418	109,732	19,617	29,417	452,184	-	129	452,313
Promotional merchandise	-	16,010	-	2,167	18,177	-	1,569	19,746
Scientific & technical consultants	10,955	7,351	4,359	6,712	29,377	17,200	9,057	55,634
Communications & design fees	381,963	10,179	7,412	33,767	433,321	-	28,605	461,926
Web hosting, design & maint	2,164	5,772	1,786	26,535	36,257	36	11,987	48,280
Program mgt & support fees	2,112,622	426,057	524,189	541,678	3,604,546	18,312	9,876	3,632,734
Legal fees	16,176	4,587	8,702	2,071	31,536	14,375	3,396	49,307
Accounting & bookkeeping svcs	3,029	3,715	2,188	1,677	10,609	11,642	2,750	25,001
Insurance	9,557	10,125	5,729	2,439	27,850	30,793	7,274	65,917
Office expenses, supplies, equip	26,136	13,752	7,851	17,179	64,918	27,637	7,126	99,681
Occupancy	27,794	24,772	21,826	20,785	95,177	77,630	54,864	227,671
Telephone & Internet	8,249	16,798	1,835	7,477	34,359	7,807	1,924	44,090
Printing & duplicating	5,550	1,099	553	268	7,470	22	3,441	10,933
Postage & delivery	3,819	1,769	6,267	965	12,820	1,227	1,344	15,391
Dues, books & subscriptions	15,359	398	11,049	1,595	28,401	496	21,750	50,647
Bank & donation processing fees	14,185	4,880	2,900	6,193	28,158	1,011	7,477	36,646
Depreciation & amortization	3,463	1,923	1,132	8,668	15,386	6,029	1,423	22,838
Advertising	-	-	44	744	788	-	3,959	4,747
Licenses, taxes & fees	11,840	1,537	1,470	745	15,592	4,817	1,138	21,547
	\$ 4,668,278	\$ 1,928,185	\$ 1,253,490	\$ 1,839,551	\$ 9,689,504	\$ 989,901	\$ 888,572	\$ 11,567,977

See accompanying notes to financial statements.

THE OCEAN FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

Cash flows from operating activities:	
Cash received from grants & contributions	\$ 10,882,052
Cash received from program service revenue	635,997
Interest received	7,148
Cash received from subtenant	38,340
Cash paid to employees and vendors	(11,377,242)
Net cash provided by operating activities	<u>186,295</u>
Cash flows from investing activities:	
Cash received from sale of investments	53,090
Cash paid for investments	(613,384)
Cash paid for website development	(12,000)
Cash paid for equipment	(34,124)
Net cash used by investing activities	<u>(606,418)</u>
Net decrease in cash and cash equivalents	(420,123)
Cash and cash equivalents - July 1, 2021	<u>2,775,334</u>
Cash and cash equivalents - June 30, 2022	<u><u>\$ 2,355,211</u></u>
Reconciliation of increase in net assets to net cash provided by operating activities:	
Change in net assets	\$ 69,851
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Net realized & unrealized gain on investments	186,317
Net fees withdrawn directly from investment account	2,520
Donated stock	(35,517)
Depreciation & amortization	22,838
Changes in assets and liabilities:	
Increase in receivables	(305,513)
Increase in prepaid expenses	(7,204)
Increase in accounts payable & accrued expenses	138,284
Decrease in passthru grant	(20,530)
Increase in deferred revenue	62,979
Increase in refundable advance	43,947
Increase in deferred rent liability	28,943
Decrease in charitable gift annuity	(620)
Net cash provided by operating activities	<u><u>\$ 186,295</u></u>

See accompanying notes to financial statements.

THE OCEAN FOUNDATION
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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

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 are considered to be available for use at the discretion of the organization unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor-restricted support that increases the net assets with donor restrictions class.

Net Assets – Net assets, revenues, gains and losses are classified based on the existence of 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.

Furniture, Equipment & Software – Furniture, Equipment & Software over \$2,500 is 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 to seven years.

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 it will be 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.

THE OCEAN FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Transaction - 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 are included as foreign currency exchange gain or loss in the accompanying statement of activities.

NOTE 3 - RECEIVABLES

Receivables as of June 30, 2022 were determined to be collectible as follows -

Within one year	\$2,687,726
Greater than one year	<u>1,323,272</u>
Total	\$4,010,998

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, 2022.

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 in a previous year 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 organization's minimum lease commitment as of June 30, 2022 contained in the lease is as follows:

For the year ending 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

THE OCEAN FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

NOTE 4 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

June 30, 2030	286,537
June 30, 2031	<u>195,301</u>
Total	\$2,267,043

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 was \$55,848.

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 subleases a portion of its office space for basic monthly rent payments of \$3,195 thru May 31, 2023.

NOTE 5 – LINE OF CREDIT

The organization received a \$500,000 bank line of credit on August 29, 2017. As of June 30, 2022, 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, 2022, the organization's cash balance in excess of FDIC insurance totaled \$1,856,090. Management periodically assesses the financial condition of the financial institution and believes that the risk of any credit loss is minimal.

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 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, 2022 was \$178,837.

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

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
Nopolo Park	450,000	-	450,000
Deep Sea Mining Campaign	16,012	6,780	22,792
Friends of Coastal Coordination		50	50
LSIESP	161,577	73,377	234,954
Alabama River Diversity Network	-	15,450	15,450
High Seas Alliance FSF	474,365	881,160	1,355,525
Friends of GA Strait Alliance	-	377	377
SURMAR-ASIMAR	114,474	19,700	134,174
W. Henry Coral Reef DAF	-	27,326	27,326
Deborah Williams DAF	-	27,874	27,874
Friends of Song Saa	-	(474)	(474)
San Basilio Sanctuary	-	233	233
Friends of Oceanswell	-	109,200	109,200
Friends of Bello Mundo	166,018	43,461	209,479
Sub-total Protecting Marine Habitats	<u>\$1,382,446</u>	<u>\$10,504,514</u>	<u>\$11,886,960</u>

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

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

Protecting Species of Concern

International Fisheries Conservation	\$ 1,067,977	\$ 571,692	\$ 1,639,669
Sea Turtle Census Initiative	25,348	9,738	35,086
Eastern Pacific Hawksbill Initiative	22,580	132,108	154,688
Shark Advocates International	112,500	201,972	314,472
Tag-A-Giant	-	24,777	24,777
Superfish Track Research Partnership	1,298	20,671	21,969
Friends of La Tortuga Viva	-	40,201	40,201
Friends of Grupo Tortuguero	-	(584)	(584)
PLF Marine Mammal Research DAF	-	115,621	115,621
Boyd N. Lyon Sea Turtle CAF	-	28,066	28,066
ISSF Sea Turtle CAF	-	61,323	61,323
The Wise Laboratory	-	77	77
N. Coast Brewing Mammal Fund CAF	-	6,232	6,232
Friends of Conservacion ConCiencia	-	107,145	107,145
Friends of Havenworth Coastal Conserv.	-	10,513	10,513
Saving Ocean Wildlife	-	126	126
Tracking Turtles Thru Time	38,683	-	38,683
Sawfish Conservation Society	-	1,470	1,470
Friends of Rescate de Lobos Marinos	-	799	799
Sub-total Protecting Species of Concern	\$1,268,386	\$1,331,947	\$2,600,333

Bldg Marine Comm Capacity

Inuit	\$ -	\$ (1,875)	\$ (1,875)
Big Ocean	330,892	46,147	377,039
The Acadia DAF	-	20,054	20,054
Redfish Rocks Community	43,669	18,041	61,710
Blue Climate Solutions	7,500	30,722	38,222
Friends of Sustainable Travel	-	342	342
Anonymous	-	64,665	64,665
Friends of Pro Esteros	-	35,149	35,149
Women in Polar Sciences	9,000	-	9,000
TACSO	-	32,710	32,710
Sub-total Bldg Marine Comm Capacity	\$391,061	\$245,955	\$637,016

THE OCEAN FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

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

Expanding Ocean Literacy

earthDECKS.org	\$ -	\$ 154	\$ 154
SEVENSEAS	81,677	23,660	105,337
The Ocean Project	164,316	87,787	252,103
Ocean Connectors	195,280	94,503	289,783
Ocean Revolution	5,728	-	5,728
The Science Exchange	98,884	39,828	138,712
The Last Ocean Project	-	2,846	2,846
Inland Ocean Coalition	212,802	109,044	321,846
The Live Blue Foundation	-	6,245	6,245
Deep Green Wilderness	24,153	3,322	27,475
Friends of Darwin 200	-	37,669	37,669
Who Saved the Whale Lagoon	230	-	230
Navigating Our Way to Solutions	-	55,238	55,238
Friends of the Nonsuch Expedition	-	1,055	1,055
Sub-total Expanding Ocean Literacy	<u>\$783,070</u>	<u>\$461,351</u>	<u>\$1,244,421</u>
 Total Net Assets	 <u>\$ 3,824,963</u>	 <u>\$12,543,767</u>	 <u>\$16,368,730</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	\$ 2,450,299
Plastics Initiative	154,746
SeaGrass Grow-Restoration/Palau	106,809
JetBlue Cuba	1,422
Keep Loreto Magical	67,483
Ocean Sustainability Program	77,809
The Sargasso Sea Project	37,669
Antarctica/Southern Ocean	146,723
High Seas	371,748
NE Right Whale	385,547
Deep Sea Mining Campaign	74,420
Coastal Coordination	19,799
LSIESP	148,257
Alabama River Diversity Network	62,055
High Seas Alliance	884,313
Friends of GA Strait Alliance	12,063
SURMAR-ASIMAR	9,618
San Basilio Sanctuary	2,740
Friends of Oceanswell	10,800
Friends of Bello Mundo	98,154
Sub-total Protecting Marine Habitats	<u>5,122,474</u>

THE OCEAN FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

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

Protecting Species of Concern

International Fisheries Conservation	\$ 703,488
St. Croix Leatherbacks - Sea Turtle Census Initiative	357,678
Eastern Pacific Hawksbill Initiative	62,788
Shark Advocates International	151,060
Tag-A-Giant	201,083
Superfish Tracking Research Partnership	2,500
Friends of La Tortuga Viva	25,681
Friends of Grupo Tortuguero	3,084
Boyd N. Lyon Sea Turtle CAF	2,801
ISSF Sea Turtle CAF	119,405
N. Coast Breeding Mammal Fund CAF	17,122
Friends of Conservacion ConCiencia	140,318
Friends of Havenworth Coastal Conservation	57,213
Saving Ocean Wildlife	17,386
Tracking Turtle Time	46,262
Friends of Sawfish Conservation Society	7,738
Friends of Rescate de Lobos Marinos	2,391
Sub-total Protecting Species of Concern	<u>1,917,998</u>

Bldg Marine Comm Capacity

Ocean Leadership Fund	\$ 453,552
Community Ocean Engagement Global Initiative	47,761
International Ocean Acidification Initiative	360,076
SeaWeb	1,667
UN Decade of Ocean Science	95,746
World Ocean Initiative	26,450
BC First Nations	14,065
Eurasian Conservation Fund	244,730
Ocean Health Investor Action Network	2,500
Big Ocean	206,096
Redfish Rocks Community	60,299
The Anchor Coalition Project	(3,394)
Blue Climate Solutions	2,500
Ocean Conservation Research	17,743
Friends of Sustainable Travel	18,038
JSCK DAF	14,320
Friends of Pro Esteros	75,385
Women in Polar Sciences	11,000
TACSO	<u>(32,710)</u>
Sub-total Bldg Marine Comm Capacity	<u>1,615,824</u>

THE OCEAN FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Expanding Ocean Literacy

SeaGrass Grow-Gen/Education	\$ 151,546
Rockefeller Climate Strategy	78,393
Boater Behavior Project	51,420
SEVENSEAS	90,580
The Ocean Project	330,479
Ocean Connectors	420,450
Ocean Revolution	26,626
The Science Exchange	119,180
The Last Ocean Project	2,553
Inland Ocean Coalition	286,877
The LivBlue Foundation	115
Friends of Deep Green Wilderness	39,426
Luke's Lobster DAF	5,176
Friends of Darwin 200	46,710
Who Save the Whale Lagoon	48,629
Navigating Our Way to Solutions	8,698
Friends of Game Genius	1,000
Friends of the Nonsuch Expedition	5,045
Sub-total Expanding Ocean Literacy	<u>1,712,903</u>
 Total Purpose Restricted Net Assets Released and Reclassified	 <u>\$ 10,369,199</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).

THE OCEAN FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

NOTE 9 – FAIR VALUE MEASUREMENTS (CONTINUED)

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 following table summarizes the Organization’s assets and liabilities measured at fair value on a recurring basis as of June 30, 2022:

Assets Measured at Fair Value

Description	Fair Value	Level 1	Level 2	Level 3
Money Market Fund	\$ 60,248	\$ 60,248	\$ -	\$ -
Equities	35,661	35,661	-	-
Mutual Funds	901,709	901,709	-	-
Equity Interest (100%)	<u>9,300,000</u>	<u>-</u>	<u>-</u>	<u>9,300,000</u>
	<u>\$10,297,618</u>	<u>\$ 997,618</u>	<u>\$ -</u>	<u>\$9,300,000</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.

Equity Interest (100%) - 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.

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, 2022.

<u>Change in Level 3 Category</u>	<u>Interest in Limited Partnership</u>
July 1, 2021 balance	\$486,263
Transfer of asset to mutual fund	(485,610)
Purchases/Fees	(8)
Net unrealized gains (losses)	<u>(645)</u>
June 30, 2022 balance	<u>\$ 0</u>

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2022

NOTE 10 - DONATED SERVICES

The organization received donated legal services during the year. The value of these services totaled \$26,505 for the year ended June 30, 2022. 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, 2022, 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, 2022, 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, 2022, the statute of limitations for tax years 2018 through 2020 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	\$ 6,503,991
Less those unavailable for general expenditures within one year due to:	
Restriction by donor for purpose	(3,824,964)
Board designated funds not available for TOF	<u>(1,206,664)</u>
Financial assets available to meet cash needs for general expenditures	
Within one year	<u>\$ 1,472,363</u>

As demonstrated above, the organization does have liquid assets to finance its operations although at June 30, 2022, all liquid assets were with board designation or donor restriction. In the short term the organization is using these assets to continue its operations. Most of these assets are budgeted to pay core expenses but the efforts of those core operations are with board designation or donor restriction to be spent on programs. The organization is currently fundraising to generate contributions without donor restrictions, to reimburse these programs and fund ongoing operations.

NOTE 13 – SUBSEQUENT EVENTS

The organization's management has evaluated subsequent events through November 3, 2022, the date the financial statements were available to be issued. There were no subsequent events identified through November 3, 2022, required to be disclosed in these financial statements.