

**THE OCEAN FOUNDATION**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

---

**KRONZEK, FISHER & LOPEZ, PLLC**  
*Certified Public Accountants*

THE OCEAN FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2018

THE OCEAN FOUNDATION

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	3
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Financial Position June 30, 2018	4
Statement of Activities For the year ended June 30, 2018	5
Statement of Functional Expenses For the year ended June 30, 2018	6
Statement of Cash Flows For the year ended June 30, 2018	7
NOTES TO FINANCIAL STATEMENTS	8-16

**KRONZEK, FISHER & LOPEZ, PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**607 2ND STREET, NE**  
**WASHINGTON, DC 20002-4909**  
**TEL: (202) 547-CPAS (2727) FAX: (202) 547-2728**  
**www.cpakfl.com**

**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, 2018, 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**

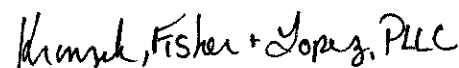
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2018, 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 12, 2018

THE OCEAN FOUNDATION  
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,077,223
Investments	178,970
Receivables	4,178,003
Prepaid expenses	29,159
	<u>5,463,355</u>

PROPERTY AND EQUIPMENT

Equipment and software	113,284
Furniture and fixtures	2,041
Vehicles	17,895
	<u>133,220</u>
Less: accumulated depreciation	<u>125,691</u>
	7,529

OTHER ASSETS

Security deposits	12,042
	<u>12,042</u>

TOTAL ASSETS

\$ 5,482,926

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable & accrued expenses	\$ 450,695
Line of credit	141,081
Tenant security deposit	3,100
Deferred rent liability (current portion)	5,974
Charitable gift annuity (current portion)	620
	<u>601,470</u>

OTHER LIABILITIES

Deferred rent liability (net of current)	121,046
Charitable gift annuity (net of current)	4,395
	<u>125,441</u>

TOTAL LIABILITIES

726,911

NET ASSETS

Unrestricted - Non Designated	(303,103)	
- Board Designated	<u>3,124,826</u>	2,821,723
Temporarily Restricted		<u>1,934,292</u>

TOTAL NET ASSETS

4,756,015

TOTAL LIABILITIES AND NET ASSETS

\$ 5,482,926

See accompanying notes to financial statements.

THE OCEAN FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE &amp; SUPPORT</b>			
Grants & contributions	\$ 2,167,899	\$ 5,815,948	\$ 7,983,847
Program service revenue	474,807	-	474,807
Rental income	35,500	-	35,500
Investment income - net realized & unrealized gain/(loss)	15,200	-	15,200
Investment income - other	2,036	-	2,036
Foreign currency exchange gain/(loss)	21,852	-	21,852
	<u>2,717,294</u>	<u>5,815,948</u>	<u>8,533,242</u>
Net assets released from restriction:			
Satisfaction of program restrictions	4,934,544	(4,934,544)	-
Total revenue & support	<u>7,651,838</u>	<u>881,404</u>	<u>8,533,242</u>
<b>EXPENSES</b>			
<b>Program Services</b>			
Protecting Marine Habitats	1,497,847	-	1,497,847
Protecting Species of Concern	2,457,374	-	2,457,374
Building Marine Community Capacity	1,548,298	-	1,548,298
Ocean Literacy	1,031,703	-	1,031,703
Total program expenses	<u>6,535,222</u>	<u>-</u>	<u>6,535,222</u>
<b>Support Services</b>			
Management & general	508,287	-	508,287
Fundraising	560,512	-	560,512
Total support expenses	<u>1,068,799</u>	<u>-</u>	<u>1,068,799</u>
Total expenses	<u>7,604,021</u>	<u>-</u>	<u>7,604,021</u>
<b>CHANGE IN NET ASSETS (DEFICIT)</b>	47,817	881,404	929,221
Beginning net assets	<u>2,773,906</u>	<u>1,052,888</u>	<u>3,826,794</u>
Ending net assets	<u>\$ 2,821,723</u>	<u>\$ 1,934,292</u>	<u>\$ 4,756,015</u>

See accompanying notes to financial statements.

THE OCEAN FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

	Protecting Marine Habitats	Protecting Species of Concern	Building Marine Community Capacity	Expanding Ocean Literacy	Total Program	Management & General	Fundraising	Total Expenses
Grants awarded	\$ 209,999	\$ 913,582	\$ 362,689	\$ 57,436	\$ 1,543,706	\$ -	\$ -	\$ 1,543,706
Salaries & wages	92,977	311,955	429,917	363,597	1,198,446	250,856	297,468	1,746,770
Payroll taxes	8,672	22,304	22,852	22,600	76,428	26,342	26,743	129,513
Employee benefits	20,629	43,718	49,368	40,830	154,545	59,579	45,034	259,158
Travel & carbon offsets	166,608	219,588	112,547	99,375	598,118	11,371	11,382	620,871
Conferences & meetings	122,774	53,874	20,943	18,755	216,346	6,489	9,457	232,292
Project & field expenses	31,158	164,544	129,054	31,644	356,400	-	-	356,400
Promotional merchandise	42	4,797	30	23	4,892	160	3,150	8,202
Scientific & technical consultants	5,241	4,423	7,860	8,273	25,797	9,035	8,650	43,482
Research & advocacy fees	58,800	-	8,855	-	67,655	-	-	67,655
Communications & design fees	68,857	64,931	13,829	7,085	154,702	47	48,395	203,144
Web hosting, design & maint	8,580	210	6,569	17,588	32,947	348	27,395	60,690
Program mgt & support fees	623,893	555,120	304,002	313,241	1,796,256	3,908	967	1,801,131
Legal fees	-	-	-	1,625	1,625	-	-	1,625
Accounting & bookkeeping svcs	9,500	11,652	9,362	6,292	36,806	36,514	8,625	81,945
Insurance	5,414	6,826	3,978	4,365	20,583	20,810	4,916	46,309
Office expenses, supplies, equip	13,652	10,527	19,751	5,389	49,319	8,978	3,314	61,611
Occupancy	16,151	23,219	17,971	16,785	74,126	62,079	50,832	187,037
Telephone & Internet	13,342	14,080	2,224	5,804	35,450	1,693	410	37,553
Printing & duplicating	7,660	764	1,290	1,374	11,088	1,203	331	12,622
Postage & delivery	608	3,425	12,370	752	17,155	112	1,633	18,900
Dues, books & subscriptions	5,278	1,370	8,341	4,124	19,113	1,586	5,928	26,627
Bank & donation processing fees	6,141	4,021	2,710	2,859	15,731	-	2,867	18,598
Depreciation & amortization	526	645	379	291	1,841	2,020	477	4,338
Advertising	3	20,153	438	298	20,892	-	1,320	22,212
Licenses, taxes & fees	1,342	1,646	969	1,298	5,255	5,157	1,218	11,630
	\$ 1,497,847	\$ 2,457,374	\$ 1,548,298	\$ 1,031,703	\$ 6,535,222	\$ 508,287	\$ 560,512	\$ 7,604,021

THE OCEAN FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018

Cash flows from operating activities:	
Cash received from grants & contributions	\$ 7,587,655
Cash received from program service revenue	409,105
Interest received	1,285
Cash received from subtenant	32,550
Cash paid to employees and vendors	(7,511,661)
Net cash provided by operating activities	<u>518,934</u>
Cash flows from investing activities:	
Acquisition of equipment	<u>(9,575)</u>
Net cash used by investing activities	(9,575)
Cash flows from financing activities:	
Net borrowings on line of credit	<u>141,081</u>
Net cash provided by investing activities	141,081
Net increase in cash and cash equivalents	650,440
Cash and cash equivalents - July 1, 2017	<u>426,783</u>
Cash and cash equivalents - June 30, 2018	<u>\$ 1,077,223</u>
Reconciliation of increase in net assets to net cash provided by operating activities:	
Change in net assets	\$ 929,221
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Donated stock	(4,940)
Net unrealized gain on investments	(15,200)
Net reinvested dividends	(751)
Depreciation & amortization	4,338
Changes in assets and liabilities:	
Increase in receivables	(483,821)
Decrease in prepaid expenses	3,078
Increase in accounts payable & accrued expenses	86,641
Decrease in deferred revenue	(2,950)
Decrease in deferred rent liability	(1,697)
Increase in charitable annuity	<u>5,015</u>
Net cash provided by operating activities	<u>\$ 518,934</u>

See accompanying notes to financial statements.



THE OCEAN FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**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).

SeaWeb is an organization controlled and operated by The Ocean Foundation that had no activities during FY18. The organization is a separate legal entity, exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is a publically 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.

Basis of Presentation – The financial statement presentation follows the provisions of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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 as unrestricted, temporarily restricted, or permanently restricted depending on the existence of any donor restrictions.

Unrestricted grants & contributions are recognized in the unrestricted fund when awarded. Grants and contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets. When the provisions of the restriction have been met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The organization had no permanently restricted grants

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 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.

Functional expenses - The organization accounts for its expenses on a functional basis. Functional expenses include certain allocated overhead costs (rent, telephone, insurance, etc).

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 8 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.

THE OCEAN FOUNDATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2018

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 – COMMITMENTS AND CONTINGENCIES**

The organization leases sixty percent of the 5<sup>th</sup> Floor at 1320 19th Street, NW, Washington, DC as its office space under a ten-year and ten month lease effective May 1, 2014 and expiring February 28, 2025. Monthly base rent payments under the new lease will be abated 100% for the first five months and 50% for the subsequent ten months. The rent abatement to be recognized will be \$111,426, and will be amortized over the life of the lease as a reduction to rent expense.

The organization's minimum lease commitment as of June 30, 2018 contained in the lease is as follows:

For the year ending June 30, 2019	\$146,840
June 30, 2020	151,247
June 30, 2021	155,784
June 30, 2022	160,457
June 30, 2023	165,269
June 30, 2024	170,227
June 30, 2025	<u>116,308</u>
Total	\$1,066,132

Monthly rent expense to be recognized over the lease on a straight-line basis will be \$11,739 (\$1,526,057 divided by 130 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 \$127,020.

The organization subleases a portion of its office space for basic monthly rent payments of \$2,900 thru May 31, 2019.

**NOTE 4 – LINE OF CREDIT**

The organization received a \$500,000 bank line of credit on August 29, 2017. As of June 30, 2018, the outstanding balance on the line of credit was \$141,081. 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 5 – 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, 2018, the organization's cash balance in excess of FDIC insurance totaled \$652,731.

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

**NOTE 6 – 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, 2018 was \$98,805.

**NOTE 7 – TEMPORARILY RESTRICTED AND BOARD DESIGNATED NET ASSETS**

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: Temporarily Restricted, Unrestricted - Board Designated, and Unrestricted. The organization has no permanently restricted net assets.

It uses the category of "Unrestricted - 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 "Unrestricted - 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 "Unrestricted - Board Designated."

Temporarily Restricted and Unrestricted – Board Designated Net Assets are available for the following purposes:

	Temporarily Restricted Purpose	Unrestricted Board Designated	Fund Total
<u>Protecting Marine Habitats</u>			
Sustainable Restaurant Group DAF	\$ -	\$ 1,403	\$ 1,403
Deep Sea Mining Campaign	-	49,740	49,740
Coral Reef	4,992	-	4,992
Polar Seas	891	-	891
Coast & Beaches	1,785	-	1,785
Coastal Coordination	21,017	21,247	42,264
Cuba Marine Research & Conservation	21,316	37,053	58,369
LSIESP	83,344	1,729	85,073
Friends of the Delta	56,843	-	56,843
High Seas Alliance FSF	119,599	1,579,500	1,699,099
Belize DAF	-	57,344	57,344
Friends of GA Strait Alliance	1,976	-	1,976
Friends of Eco Alianza Loreto	11,314	-	11,314
SURMAR-ASIMAR	87,085	6,000	93,085
W. Henry Coral Reef DAF	-	37,216	37,216
Deborah Williams DAF	-	30,261	30,261
Sub-total Protecting Marine Habitats	<u>\$410,162</u>	<u>\$1,821,493</u>	<u>\$2,231,655</u>

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Protecting Species of Concern

Friends of Havenworth Coastal Conserv.	\$ -	\$ 116	\$ 116
Sea Life FIF	51	-	51
Sharks & Rays FIF	1	-	1
Global Tuna Conservation	339,538	-	339,538
Sea Turtle Census Initiative	-	110,480	110,480
Marine Mammal	32,454	-	32,454
Sea Turtle FIF	1,204	-	1,204
Eastern Pacific Hawksbill Initiative	15	158,737	158,752
Shark Advocates International	207,751	6,608	214,359
ProCaguama	-	26,304	26,304
Tag-A-Giant	-	20,083	20,083
SmartFish International	-	217,712	217,712
Friends of La Tortuga Viva	4,134	-	4,134
Friends of Grupo Tortuguero	9,317	-	9,317
Friends of Tortugueros Las Playitas	358	-	358
Friends of Iemanya	36,420	-	36,420
PLF Marine Mammal Research DAF	-	133,225	133,225
Boy N. Lyon Sea Turtle CAF	-	33,781	33,781
ISSF Sea Turtle CAF	-	31,621	31,621
The Wise Laboratory	-	8,283	8,283
Marine Mammal Commission CAF	-	9	9
N. Coast Breeding Mammal Fund CAF	-	15,898	15,898
Friends of Conservacion ConCiencia	35,704	144,250	179,954
Sub-total Protecting Species of Concern	\$666,947	\$907,107	\$1,574,054

Bldg Marine Comm Capacity

The Acadia DAF	\$ -	\$ 90,000	\$ 90,000
SeaWeb Communications	20,452	7,795	28,247
eNGO Fisheries Coalition	129,247	-	129,247
Future Ocean Alliance FOF	950	-	950
Redfish Rocks Community	33,424	14,880	48,304
Blue Climate Solutions	24,306	5,000	29,306
Ocean Conservation Research	26,456	2,405	28,861
Anonymous	-	78,721	78,721
Friends of Island Reach	1,759	-	1,759
Friends of Trezco Systems	4,921	-	4,921
Sub-total Bldg Marine Comm Capacity	\$241,515	\$198,801	\$440,316

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Expanding Ocean Literacy

earthDECKS.org	\$ 14,079	\$ -	\$ 14,079
SEVENSEAS	5,948	-	5,948
Friends of GOA-ON (CAF)	-	51,726	51,726
The Ocean Project	69,046	12,750	81,796
Ocean Connectors	197,096	91,712	288,808
Ocean Revolution	104,468	-	104,468
The Science Exchange	167,272	31,976	199,248
The Last Ocean Project	10,375	-	10,375
Inland Ocean Coalition	30,049	-	30,049
LivBlue	9,425	-	9,425
Deep Green Wilderness	7,878	-	7,878
Hello Ocean	32	-	32
Luke's Lobster DAF	-	9,261	9,261
Sub-total Expanding Ocean Literacy	<u>\$615,668</u>	<u>\$197,425</u>	<u>\$813,093</u>
Total Net Assets	<u>\$ 1,934,292</u>	<u>\$ 3,124,826</u>	<u>\$ 5,059,118</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 Temporarily Restricted to Unrestricted – Board Designated based on the broad purposes discussed above.

Protecting Marine Habitats

Sustainable Restaurant Group DAF	\$ 8,227
Friends of Bica Guanaja	10
Deep Sea Mining Campaign	34,817
Oregon Marine Reserve Partnership FSF	935
Coral Reef	1,205
Belize DAF	25,017
Polar Seas	2,554
Coast & Beaches	3,765
Coastal Coordination	82,919
Cuba Marine Research & Conservation	153,788
LSIESP	87,512
Friends of the Delta	38,500
High Seas Alliance FSF	339,025
Friends of GA Strait Alliance	7,515
Friends of Eco Alianza Loreto	5,006
Friends of Jamaica Env't Trust	223
SURMAR-ASIMAR	29,796
Deborah Williams DAF	1,000
Aliso Creek Estuary Restoration	72,112
Friends of Song Saa	3,000
Sub-total Protecting Marine Habitats	<u>896,926</u>

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Protecting Species of Concern

Friends of Havenworth Coastal Conservation	\$ 57,177
Sea Life	195
The Lost Years FSF	6,890
Global Tuna Conservation	237,985
Sea Turtle Census Initiative	186,363
Marine Mammal	1,898
Sea Turtle FIF	24
Eastern Pacific Hawksbill Initiative	257,400
Shark Advocates International	514,851
ProCaguama	16,715
Tag-A-Giant	311,851
SmartFish International	209,255
Friends of La Tortuga Viva	7,080
Friends of Grupo Tortuguero	(2,199)
Friends of Tortugueros Las Playitas	938
Friends of Iemanya	44,504
PLF Marine Mammal Research DAF	56,159
Boy N. Lyon Sea Turtle CAF	2,862
ISSF Sea Turtle CAF	137,961
The Wise Laboratory	29,326
Marine Mammal Commission CAF	1
N. Coast Breeding Mammal Fund CAF	28,211
Friends of Conservacion ConCiencia	360,824
Too Rare to Wear	7,908
Sub-total Protecting Species of Concern	<u>2,474,179</u>

Bldg Marine Comm Capacity

The Acadia DAF	\$ 10,000
Friends of Ocean Initiative	(1)
SeaWeb Communications	247,842
eNGO Fisheries Coalition	151,558
Future Ocean Alliance FOF	900
Friends of Fundacion Tropicalia	46,416
Redfish Rocks Community	39,778
The Anchor Coalition Project	2,500
Blue Climate Solutions	12,896
Ocean Conservation Research	85,105
Anonymous DAF	55,000
Friends of Pro Esteros	65,084
Friends of Island Reach	29,261
Friends of Trezco Systems	22,551
Sub-total Bldg Marine Comm Capacity	<u>768,890</u>

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

Expanding Ocean Literacy

earthDECKS.org	\$ 10,921
Friends of Conch Aid	(800)
Friends of Environmental Sculpture	(767)
SEVENSEAS	6,199
Friends of GOA-ON CAF	(22,269)
Friends of Marine Science Today	(598)
The Ocean Project	339,372
Ocean Connectors	208,860
Ocean Revolution	124,038
The Science Exchange	50,693
The Last Ocean Project	2,500
Inland Ocean Coalition	36,396
LivBlue	8,062
Sonar and Whales FSF	(7)
Deep Green Wilderness FOF	26,313
Hello Ocean	4,599
Luke's Lobster DAF	1,037
Sub-total Expanding Ocean Literacy	<u>794,549</u>
 Total Purpose Restricted Net Assets Released and Reclassified	 <u>\$ 4,934,544</u>

**NOTE 8 – FAIR VALUE MEASUREMENTS**

The organization follows FASB ASC 820-10 for financial assets (and liabilities) measured on a recurring basis, effective January 1, 2008. 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, 2018

**NOTE 8 – 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, 2018:

Assets Measured at Fair Value

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Market Fund	\$ 9,890	\$ 9,890	\$ -	\$ -
Equities	8,810	8,810	\$ -	\$ -
Partnership	<u>170,160</u>	<u>-</u>	<u>-</u>	<u>170,160</u>
	<u>\$188,860</u>	<u>\$18,700</u>	<u>\$ -</u>	<u>\$170,160</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 Securities – 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.

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, 2018.

<u>Change in Level 3 Category</u>	<u>Interest in Limited Partnership</u>
July 1, 2017 balance	\$154,440
Purchases/Fees	(208)
Net unrealized gains (losses)	885
Investment income – other	<u>15,043 *</u>
June 30, 2018 balance	<u>\$170,160</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, 2018

**NOTE 9 – 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, 2018, 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, 2018, 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, 2018, the statute of limitations for tax years 2014 through 2016 remains open with federal and DC authorities

**NOTE 10 – SUBSEQUENT EVENTS**

The organization's management has evaluated subsequent events through November 12, 2018, the date the financial statements were available to be issued. There were no subsequent events identified through November 12, 2018, required to be disclosed in these financial statements.