

**THE OCEAN FOUNDATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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**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, 2023, 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, 2023, 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  
Washington, DC  
October 25, 2024

THE OCEAN FOUNDATION  
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	1,870,521
Investments		1,506,365
Receivables		3,356,264
Prepaid expenses		82,252
		6,815,402

PROPERTY AND EQUIPMENT

Furniture, equipment and software		155,403
Vehicle		17,895
		173,298
Less: accumulated depreciation		147,648
		25,650

OTHER ASSETS

Investment (interest in undeveloped land)		13,015,000
Receivables, net of current & discount		462,582
Right of use asset		1,595,254
Intangible assets, net		10,833
Security deposit		11,161
		15,094,830

TOTAL ASSETS

\$ 21,935,882

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable & accrued expenses	\$	831,128
Tenant security deposit		3,100
Deferred revenue		366,523
Operating lease liability (current portion)		158,746
Refundable advance		252,468
Charitable gift annuity (current portion)		620
		1,612,585

OTHER LIABILITIES

Operating lease liability (net of current)		1,514,513
Charitable gift annuity (net of current)		1,295
		1,515,808

TOTAL LIABILITIES

3,128,393

NET ASSETS

Without donor restrictions		
Undesignated	\$	7,073
Designated by Board		16,007,059
		16,014,132
With donor restrictions - purpose restrictions		2,793,357
		2,793,357

TOTAL NET ASSETS

18,807,489

TOTAL LIABILITIES AND NET ASSETS

\$ 21,935,882

See accompanying notes to financial statements.

THE OCEAN FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE &amp; SUPPORT</b>			
Grants & contributions	\$ 47,698	\$ 13,458,994	\$ 13,506,692
Non-Cash contributions	3,715,000	-	3,715,000
In-Kind contributions	117,755	-	117,755
Program service revenue	1,429,068	-	1,429,068
Rental income	29,520	-	29,520
Investment income - net realized & unrealized gain/(loss)	160,829	-	160,829
Investment income - other	38,944	-	38,944
Other income	131,213	-	131,213
	<u>5,670,027</u>	<u>13,458,994</u>	<u>19,129,021</u>
Net assets released from restriction:			
Satisfaction of program restrictions	14,490,600	(14,490,600)	-
Total revenue & support	<u>20,160,627</u>	<u>(1,031,606)</u>	<u>19,129,021</u>
<b>EXPENSES</b>			
<b>Program Services</b>			
Protecting Marine Habitats	5,641,513	-	5,641,513
Protecting Species of Concern	2,288,362	-	2,288,362
Building Marine Community Capacity	2,485,669	-	2,485,669
Ocean Literacy	3,402,592	-	3,402,592
Total program expenses	<u>13,818,136</u>	<u>-</u>	<u>13,818,136</u>
<b>Support Services</b>			
Management & general	1,159,212	-	1,159,212
Fundraising	999,084	-	999,084
Total support expenses	<u>2,158,296</u>	<u>-</u>	<u>2,158,296</u>
Total expenses	<u>15,976,432</u>	<u>-</u>	<u>15,976,432</u>
<b>CHANGE IN NET ASSETS</b>	4,184,195	(1,031,606)	3,152,589
Beginning net assets	<u>11,829,937</u>	<u>3,824,963</u>	<u>15,654,900</u>
Ending net assets	<u>\$ 16,014,132</u>	<u>\$ 2,793,357</u>	<u>\$ 18,807,489</u>

See accompanying notes to financial statements.

THE OCEAN FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023

	Protecting Marine Habitats	Protecting Species of Concern	Building Marine Community Capacity	Expanding Ocean Literacy	Total Program	Management & General	Fundraising	Total Expenses
Grants awarded	\$ 744,734	\$ 427,272	\$ 968,716	\$ 1,374,115	\$ 3,514,837	\$ -	\$ -	\$ 3,514,837
Salaries & wages	469,663	732,336	290,228	759,582	2,251,809	771,201	621,154	3,644,164
Payroll taxes	37,724	56,376	26,620	57,391	178,111	59,976	51,277	289,364
Employee benefits	74,422	100,911	49,011	92,045	316,389	111,271	84,954	512,614
Travel & carbon offsets	647,251	188,662	144,255	236,410	1,216,578	8,346	42,085	1,267,009
Conferences & meetings	129,037	8,060	39,067	35,866	212,030	700	22,709	235,439
Project & field expenses	320,653	104,750	33,548	155,475	614,426	13	196	614,635
Promotional merchandise	140	23,677	-	2,093	25,910	-	2,584	28,494
Scientific & technical consultants	8,260	7,072	5,609	5,897	26,838	18,248	13,439	58,525
Research & advocacy fees	2,000	-	-	-	2,000	-	-	2,000
Communications & design fees	540,043	41,537	3,919	37,557	623,056	-	202	623,258
Web hosting, design & maint	11,763	18,476	26,859	28,130	85,228	6	9,614	94,848
Program mgt & support fees	2,384,345	497,483	731,224	557,365	4,170,417	22,508	5,317	4,198,242
Legal fees	157,274	2,041	105,105	921	265,341	6,397	1,511	273,249
Accounting & bookkeeping svcs	5,701	4,866	2,866	2,197	15,630	15,251	3,603	34,484
Insurance	8,575	10,835	5,812	5,846	31,068	31,989	8,171	71,228
Office expenses, supplies, equip	15,457	8,624	8,385	6,064	38,530	15,008	3,445	56,983
Occupancy	33,602	24,871	18,128	14,705	91,306	77,942	52,477	221,725
Telephone & Internet	5,589	15,911	2,498	2,856	26,854	9,749	2,461	39,064
Printing & duplicating	2,619	3,597	9,840	2,125	18,181	52	2,718	20,951
Postage & delivery	4,241	2,325	6,334	5,006	17,906	1,227	695	19,828
Dues, books & subscriptions	4,675	429	602	2,108	7,814	515	5,322	13,651
Bank & donation processing fees	17,415	5,517	4,815	10,672	38,419	252	4,812	43,483
Depreciation & amortization	13,560	1,260	742	7,236	22,798	3,948	933	27,679
Advertising	-	-	619	265	884	-	58,315	59,199
Licenses, taxes & fees	2,770	1,474	867	665	5,776	4,613	1,090	11,479
	<u>\$ 5,641,513</u>	<u>\$ 2,288,362</u>	<u>\$ 2,485,669</u>	<u>\$ 3,402,592</u>	<u>\$ 13,818,136</u>	<u>\$ 1,159,212</u>	<u>\$ 999,084</u>	<u>\$ 15,976,432</u>

See accompanying notes to financial statements.

THE OCEAN FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023

Cash flows from operating activities:	
Cash received from grants & contributions	\$ 13,920,465
Cash received from program service revenue	1,446,521
Interest received	22,982
Cash received from subtenant & other income	160,733
Cash paid to employees and vendors	<u>(15,850,611)</u>
Net cash used by operating activities	(299,910)
Cash flows from investing activities:	
Cash received from sale of investments	306,685
Cash used to purchase investments	(482,510)
Cash paid for website development	(3,000)
Cash paid for equipment	<u>(5,955)</u>
Net cash used by investing activities	(184,780)
Net decrease in cash and cash equivalents	(484,690)
Cash and cash equivalents - July 1, 2022	<u>2,355,211</u>
Cash and cash equivalents - June 30, 2023	<u><u>\$ 1,870,521</u></u>
Reconciliation of increase in net assets to net cash used by operating activities:	
Change in net assets	\$ 3,152,589
Adjustments to reconcile increase in net assets to net cash used by operating activities:	
Net realized & unrealized gain on investments	(172,098)
Reinvested dividends	(15,962)
Donated stock	(205,109)
Donated interest in undeveloped land	(3,715,000)
Depreciation & amortization	27,679
Changes in assets and liabilities:	
Decrease in receivables	192,152
Increase in prepaid expenses	(36,516)
Increase in right of use asset	(1,595,254)
Increase in accounts payable & accrued expenses	34,298
Decrease in passthru grant	(15,012)
Increase in deferred revenue	303,544
Decrease in deferred rent liability	(55,848)
Increase in refundable advance	127,988
Increase in operating lease liability	1,673,259
Decrease in charitable gift annuity	<u>(620)</u>
Net cash used by operating activities	<u><u>\$ (299,910)</u></u>

See accompanying notes to financial statements.



THE OCEAN FOUNDATION  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

**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**

Adoption of New Accounting Pronouncements

The Organization adopted the provision of ASU 2016-02, Leases (ASC 842) effective July 1, 2022. The guidance is intended to increase transparency and comparability among lessees by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 requires lessees to report a right of use asset along with a lease liability.

As a result of implementing ASU 2016-02, the Organization recognized a right of use asset of \$1,761,403, a lease liability of \$1,817,251 and the removal of the existing deferred rent abatement liability of \$55,848 on July 1, 2022, resulting in no net effect on the statement of financial position. The adoption did not affect amounts reported in the statement of activities for the year ended June 30, 2023.

During the year ended June 30, 2023 the Organization also adopted ASU 2020-07 and adjusted the presentation in the financial statements as permitted by ASU 2020-07. ASU 2020-07, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958) requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities apart from contributions of cash or other financial assets. The standard also includes increasing the disclosure requirements around contributed nonfinancial assets, including disaggregating by category.

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.

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

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

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.

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, 2023 are shown below at the present value of the estimated future cash flows using Treasury Note rates for similar term investments. As permitted by FASB ASC 958, the organization recognizes receivables expected to be collected within one year at net realizable value without discounting them to present value.

The applicable rate at June 30, 2023 was 4.87%.

Receivables expected to be collected beyond one year but within two years	\$508,735
Less: Discount to net present value	<u>(46,153)</u>
Net pledges receivable - long term	\$462,582

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, 2023.

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

**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 future minimum lease payments are as follows:

For the year ending -	
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 operating lease liability payments	\$2,034,062
Less: present value discount	<u>360,803</u>
Total Operating Lease Liability	<u>\$1,673,259</u>

The following summarizes the weighted average remaining lease term and discount rate used to calculate the present value discount:

Weighted average remaining lease term (years): 7.66

Weighted average discount rate: 5.25%

Total rent expense recorded by the Organization for the year ended June 30, 2023 totaled \$221,725, which accounts for amortization of the ROU asset and operating lease liability.

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 \$1,635 through June 30, 2024.

**NOTE 5 – LINE OF CREDIT**

The organization received a \$500,000 bank line of credit on August 29, 2017. As of June 30, 2023, 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.

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

**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, 2023, the organization's cash balance in excess of FDIC insurance totaled \$1,297,367. 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, 2023 was \$218,494.

**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:

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

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

	With Donor Restriction Purpose	Without Donor Restriction Designated	Fund Total
<u>Protecting Marine Habitats</u>			
Baja Dad Holdings	\$ -	\$ 9,300,000	\$ 9,300,000
Fexsua	-	3,715,000	3,715,000
Blue Resilience Initiative	54,603	-	54,603
Nopolo Park	-	-	-
Oregon Kelp Alliance	23,845	-	23,845
Deep Sea Mining Campaign	85,699	-	85,699
Friends of Coastal Coordination	2,722	67,375	70,097
LSIESP	269,957	-	269,957
Alabama River Diversity Network	-	23,304	23,304
High Seas Alliance FSF	838,478	3,065	841,543
Friends of GA Strait Alliance	-	64	64
SURMAR-ASIMAR	127,357	9,600	136,957
W. Henry Coral Reef DAF	-	27,803	27,803
Deborah Williams DAF	-	28,361	28,361
Friends of Song Saa	-	-	-
San Basilio Sanctuary	-	-	-
Friends of Oceanswell	-	97,524	97,524
Friends of Bello Mundo	11,553	30,111	41,664
Sub-total Protecting Marine Habitats	\$1,414,214	\$13,302,207	\$14,716,421
<u>Protecting Species of Concern</u>			
International Fisheries Conservation	\$ 387,405	\$ 707,961	\$ 1,095,366
Sea Turtle Census Initiative	-	83,734	83,734
Eastern Pacific Hawksbill Initiative	54,421	61,518	115,939
Shark Advocates International	136,719	274,704	411,423
Tag-A-Giant	36,580	20,054	56,634
Superfish Track Research Partnership	19,468	-	19,468
Friends of La Tortuga Viva	-	27,424	27,424
Friends of Grupo Tortuguero	-	7,016	7,016
PLF Marine Mammal Research DAF	-	117,641	117,641
Boyd N. Lyon Sea Turtle CAF	-	38,048	38,048
ISSF Sea Turtle CAF	-	94,323	94,323
N. Coast Breeding Mammal Fund CAF	-	1,407	1,407
Friends of Conservacion ConCiencia	-	218,047	218,047
Friends of Havenworth Coastal Conserv.	-	11,581	11,581
Saving Ocean Wildlife	153	-	153
Sawfish Conservation Society	-	4,717	4,717
Friends of Por El Mar	-	1,577	1,577
CA Channel Islands Marine Mammal Initiative	20,604	-	20,604
Sub-total Protecting Species of Concern	\$655,350	\$1,669,752	\$2,325,102

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

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

Bldg Marine Comm Capacity

Inuit Initiatives	\$ 12,647	\$ -	\$ 12,647
Big Ocean	276,633	-	276,633
The Acadia DAF	-	71	71
Redfish Rocks Community	35,312	8,343	43,655
Blue Climate Solutions	-	30,122	30,122
Friends of Sustainable Travel	-	4,647	4,647
Anonymous	-	55,697	55,697
Friends of Pro Esteros	-	40,772	40,772
TACSO	24,433	-	24,433
Climate Strong Island Network	71,388	123,986	195,374
Sub-total Bldg Marine Comm Capacity	<u>\$420,413</u>	<u>\$263,638</u>	<u>\$684,051</u>

Expanding Ocean Literacy

SEVENSEAS	\$ 75,602	\$ -	\$ 75,602
The Ocean Project	-	123,986	123,986
Ocean Connectors	75,613	172,555	248,168
Ocean Revolution	-	207	207
The Science Exchange	51,494	27,136	78,630
The Last Ocean Project	-	2,846	2,846
Inland Ocean Coalition	96,426	73,420	169,846
The Live Blue Foundation	-	6,461	6,461
Deep Green Wilderness	-	6,715	6,715
Friends of Darwin 200	-	100	100
Who Saved the Whale Lagoon	4,245	2,389	6,634
Navigating Our Way to Solutions	-	42,522	42,522
Friends of the Nonsuch Expedition	-	446	446
Friends of Major Projects Foundation	-	312,679	312,679
Sub-total Expanding Ocean Literacy	<u>\$303,380</u>	<u>\$771,462</u>	<u>\$1,074,842</u>

Total Net Assets	<u>\$ 2,793,357</u>	<u>\$16,007,059</u>	<u>\$18,800,416</u>
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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.

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

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

Protecting Marine Habitats

Blue Resilience Initiative	\$ 2,179,899
Plastics Initiative	91,599
SeaGrass Grow-Restoration/Palau	7,906
JetBlue Cuba	7,788
Keep Loreto Magical	78,934
Ocean Sustainability Program	152,547
The Sargasso Sea Project	24,670
Antarctica/Southern Ocean	130,261
High Seas	374,550
NE Right Whale	687,340
Oregon Kelp Alliance	514,333
Deep Sea Mining Campaign	61,593
Coastal Coordination	22,232
LSIESP	181,128
Alabama River Diversity Network	42,661
High Seas Alliance	1,114,324
Friends of GA Strait Alliance	11,018
SURMAR-ASIMAR	6,818
San Basilio Sanctuary	233
Friends of Oceanswell	12,396
Friends of Bello Mundo	319,374
Sub-total Protecting Marine Habitats	<u>6,021,604</u>

Protecting Species of Concern

International Fisheries Conservation	\$ 629,966
St. Croix Leatherbacks - Sea Turtle Census Initiative	365,514
Eastern Pacific Hawksbill Initiative	124,164
Shark Advocates International	154,244
Tag-A-Giant	325,578
Superfish Tracking Research Partnership	2,500
Friends of La Tortuga Viva	38,737
Friends of Grupo Tortuguero	(6,100)
Boyd N. Lyon Sea Turtle CAF	3,935
ISSF Sea Turtle CAF	71,544
The Wise Laboratory	77
N. Coast Breeding Mammal Fund CAF	12,195
Friends of Conservacion ConCiencia	204,631
Friends of Havenworth Coastal Conservation	14,836
Saving Ocean Wildlife	6
Tracking Turtle Time	38,683
Friends of Sawfish Conservation Society	371
Friends of Rescate de Lobos Marinos	1,369
Friends of Por El Mar	86,423
California Channel Islands Marine Mammal Initiative	2,396
Sub-total Protecting Species of Concern	<u>2,071,069</u>

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

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

Bldg Marine Comm Capacity

Ocean Leadership Fund	\$ 531,282
Deep Seabed Mining	117,605
Teach for the Ocean Initiative	146,084
International Ocean Acidification Initiative	513,548
SeaWeb	747
UN Decade of Ocean Science	292,424
Marine Debris Foundation	133,408
Murder at Sea	204,187
World Ocean Initiative	82,522
BC First Nations	1,625
Eurasian Conservation Fund	345,882
Commission of Small Island States	291,264
Ocean Health Investor Action Network	62,532
Inuit Initiatives	6,171
Big Ocean	355,740
The Acadia DAF	20,000
Redfish Rocks Community	38,054
Blue Climate Solutions	8,100
Friends of Sustainable Travel	13,145
JSCK DAF	39,878
Friends of Pro Esteros	50,377
Women in Polar Sciences	9,000
TACSO	113,606
Climate Strong Island Network	(95,374)
Sub-total Bldg Marine Comm Capacity	<u>3,281,807</u>

Expanding Ocean Literacy

SeaGrass Grow-Gen/Education	\$ 9,169
Rockefeller Climate Strategy	95,356
Underwater Cultural Heritage	80,520
earthDECKS.org	154
SEVENSEAS	83,032
The Ocean Project	326,077
Ocean Connectors	547,084
Ocean Revolution	55,521
The Science Exchange	87,217
Inland Ocean Coalition	225,419
The LivBlue Foundation	34
Friends of Deep Green Wilderness	61,890
Friends of Darwin 200	37,569
Who Save the Whale Lagoon	66,778
Navigating Our Way to Solutions	12,717
Friends of the Nonsuch Expedition	8,593
Friends of Major Projects Foundation	1,418,990
Sub-total Expanding Ocean Literacy	<u>3,116,120</u>

Total Purpose Restricted Net Assets Released and Reclassified	<u>\$14,490,600</u>
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THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

**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 following table summarizes the Organization’s assets and liabilities measured at fair value on a recurring basis as of June 30, 2023:

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	\$ 73,154	\$ 73,154	\$ -	\$ -
Equities	32,475	32,475	-	-
Mutual Funds	1,473,890	1,473,890	-	-
Equity Interest (100%)	<u>13,015,000</u>	<u>-</u>	<u>-</u>	<u>13,015,000</u>
	<u>\$14,594,519</u>	<u>\$1,579,519</u>	<u>\$ -</u>	<u>\$13,015,000</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.

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

**NOTE 9 – FAIR VALUE MEASUREMENTS (CONTINUED)**

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 selling the land. The Organization also received a donation of 100% of the shares of Fexsua S. de R.L. de C.V. The assets of Fexsua S. de R. L. de C.V. consist of 107 hectares of land with approximately .47 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 \$3,715,000. The intent of the organization is to subsequently dissolve the S.R.L de C.V. upon selling the land.

**NOTE 10 – IN-KIND CONTRIBUTIONS**

The organization received donated legal services during the year. The value of these services totaled \$117,755 for the year ended June 30, 2023. The income and related expense of these donated services are recognized on these financial statements respectively under in-kind contributions and legal fees.

**NOTE 11 – NON-CASH CONTRIBUTIONS**

As noted above in Note 9 the Organization received a donation of 100% of the shares of Fexsua S. de R.L. de C.V. The assets of Fexsua S. de R. L. de C.V. consist of 107 hectares of land with approximately .47 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 \$3,715,000. The intent of the organization is to subsequently dissolve the S.R.L de C.V. upon selling the land. The income and related investment asset are recognized on these financial statements respectively under non-cash contributions and investment (interest in undeveloped land).

**NOTE 12 – 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, 2023, 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, 2023, and

THE OCEAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

**NOTE 12 – INCOME TAXES (CONTINUED)**

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, 2023, the statute of limitations for tax years 2019 through 2021 remains open with federal and state authorities

**NOTE 13 - 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		\$ 6,733,150
Less those unavailable for general expenditures within one year due to:		
Restriction by donor for purpose	(2,793,357)	
Board designated funds not available for TOF	<u>(3,208,039)</u>	<u>(6,001,396)</u>
Financial assets available to meet cash needs for general expenditures		
Within one year		<u>\$ 731,754</u>

As demonstrated above, the organization does have liquid assets to finance its operations although at June 30, 2023, 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 14 – SUBSEQUENT EVENTS**

The organization's management has evaluated subsequent events through October 25, 2024 the date the financial statements were available to be issued. There were no subsequent events identified through October 25, 2024, required to be disclosed in these financial statements.