

OCEANA CANADA
Financial Statements
December 31, 2022

OCEANA CANADA
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Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of Oceana Canada

Opinion

We have audited the financial statements of Oceana Canada (the "Organization"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 25, 2022.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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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 a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hogg, Shain & Scheck PC

Toronto, Ontario
April 6, 2023

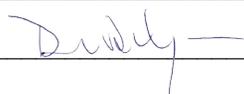
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Chartered Professional Accountants of Ontario

OCEANA CANADA
Statement of Financial Position
As at December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 1,527,539	\$ 1,229,109
Accounts receivable <i>(Note 3)</i>	78,102	46,939
Harmonized Sales Tax recoverable	74,641	29,361
Prepaid expenses	80,878	58,350
	1,761,160	1,363,759
CAPITAL ASSETS <i>(Note 4)</i>	14,255	21,526
	\$ 1,775,415	\$ 1,385,285
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 81,812	\$ 63,662
Deferred contributions <i>(Note 5)</i>	1,022,883	790,893
Deferred capital contributions	-	383
	1,104,695	854,938
NET ASSETS		
UNRESTRICTED	670,720	530,347
	\$ 1,775,415	\$ 1,385,285

COMMITMENTS *(Note 6)*

APPROVED ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

See the accompanying notes to these financial statements

OCEANA CANADA
Statement of Operations and Changes in Net Assets
Year Ended December 31, 2022

	2022	2021
REVENUES		
Grants <i>(Notes 7 and 8)</i>	\$ 2,686,388	\$ 2,248,944
In-kind contributions <i>(Note 8)</i>	271,896	204,104
Consulting fees <i>(Note 8)</i>	160,473	62,959
Donations	139,716	322,284
Capital contributions recognized	383	1,766
Interest and other	3	15
	<u>3,258,859</u>	<u>2,840,072</u>
EXPENSES		
Salaries, benefits, and payroll taxes	1,778,838	1,536,224
Consultants	334,820	224,783
In-kind services <i>(Note 8)</i>	271,896	204,104
Rent	206,426	204,716
Advertising	187,394	244,956
Conferences and events	134,186	2,359
Office and general	92,287	81,401
Travel	83,086	123
Amortization of capital assets	13,408	18,158
Bank charges	8,587	8,476
Insurance	7,558	7,425
	<u>3,118,486</u>	<u>2,532,725</u>
EXCESS OF REVENUES OVER EXPENSES	140,373	307,347
NET ASSETS - BEGINNING OF YEAR	530,347	223,000
NET ASSETS - END OF YEAR	\$ 670,720	\$ 530,347

See the accompanying notes to these financial statements

OCEANA CANADA
Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 140,373	\$ 307,347
Items not affecting cash:		
Amortization of capital assets	13,408	18,158
Capital contributions recognized	(383)	(1,766)
	<u>153,398</u>	<u>323,739</u>
Changes in non-cash working capital:		
Accounts receivable	(31,163)	(14,357)
Harmonized Sales Tax recoverable	(45,280)	541
Prepaid expenses	(22,528)	(2,997)
Accounts payable and accrued liabilities	18,150	(59,580)
Deferred contributions	231,990	287,036
	<u>151,169</u>	<u>210,643</u>
Cash flows from operating activities	<u>304,567</u>	<u>534,382</u>
INVESTING ACTIVITY		
Purchase of capital assets	(6,137)	(2,179)
INCREASE IN CASH	298,430	532,203
CASH - BEGINNING OF YEAR	<u>1,229,109</u>	<u>696,906</u>
CASH - END OF YEAR	<u>\$ 1,527,539</u>	<u>\$ 1,229,109</u>

See the accompanying notes to these financial statements

OCEANA CANADA
Notes to Financial Statements
Year Ended December 31, 2022

1. NATURE AND PURPOSE OF THE ORGANIZATION

Oceana Canada (the "Organization") was incorporated on March 22, 2013 without share capital under the Canada Not-for-profit Corporations Act. The Organization commenced operations on January 1, 2014. The Organization is a registered charitable organization under the Income Tax Act (Canada) and as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

The Organization is a national advocacy organization focused solely on ocean conservation. The Organization is dedicated to protecting and restoring the world's oceans on a global scale to make oceans more biodiverse and abundant.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions, including donations and amounts received from fundraising are recognized as revenues when received or receivable, provided that contributions receivable can be reasonably estimated and collection is reasonably assured. Externally restricted contributions, including grants and donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Externally restricted contributions related to the purchase of capital assets are recorded as revenue in the same period, and on the same basis, as the related capital assets are amortized.

Consulting fees revenues are recognized when services are delivered.

Financial instruments

The Organization initially measures financial instruments, which include cash, accounts receivable and accounts payable at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

Impairment of financial instruments

Financial assets, measured at cost or amortized cost, are tested for impairment if there are indications of possible impairment. A previously recognized impairment loss may be reversed to the extent of the improvement, either directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal, had the impairment loss not been recognized previously. The amount of any write down or reversal is recognized in excess of revenues over expenses.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over their estimated useful lives at the following rates:

Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	Terms of leases
Office equipment	5 years

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OCEANA CANADA
Notes to Financial Statements
Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long-lived assets

Long-lived assets, comprising of capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the total of the undiscounted cash flows expected from its use and disposition. If the asset is impaired, the impairment loss to be recognized is measured as the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis. Any impairment results in a write-down of the asset and a charge to excess of revenues over expenses during the year. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

Donated materials and services

Except for in-kind contributions provided by Oceana, Inc. (Note 8), donated materials and services which are normally purchased by the Organization are not recorded in the accounts. Volunteers contribute their time to assist the Organization in delivering its services. Due to the difficulty of determining the fair value, volunteer services are not recorded in the financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Such estimates are periodically reviewed and adjustments are made to revenues and expenses as appropriate in the year they become known. Such estimates include the collectability of accounts receivable, determining the useful life of capital assets for amortization purposes and year-end accrued liabilities. Actual results may differ from these estimates.

3. FINANCIAL INSTRUMENTS

It is management's opinion that Oceana Canada is not exposed to significant credit, market or liquidity risks from these financial instruments.

Cash consists of cash on deposit in operating accounts held with major American and Canadian financial institutions. Cash balances are sufficient to meet accounts payable as they come due.

Accounts receivable at December 31, 2022 include \$25,000 (2021 - \$nil) from the Minister of Fisheries, Oceans and the Canadian Coast Guard. Accounts receivable are regularly monitored to minimize and mitigate the credit risk of uncollected amounts.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 88,803	\$ 80,860	\$ 7,943	\$ 10,069
Furniture and fixtures	66,401	61,765	4,636	7,417
Leasehold improvements	164,919	163,938	981	2,661
Office equipment	23,326	22,631	695	1,379
	\$ 343,449	\$ 329,194	\$ 14,255	\$ 21,526

OCEANA CANADA
Notes to Financial Statements
Year Ended December 31, 2022

5. DEFERRED CONTRIBUTIONS

Deferred contributions at December 31 consist of the following:

	<u>2022</u>	<u>2021</u>
The Nikita Foundation	\$ 492,981	\$ 171,291
Gordon and Betty Moore Foundation	241,300	197,640
Oceana, Inc.	121,371	320,172
Donner Canadian Foundation	93,695	79,167
Only One, Inc.	45,111	-
Charities Aid Foundation of America	28,425	22,623
	<u>\$ 1,022,883</u>	<u>\$ 790,893</u>

The continuity of deferred contributions is as follows:

	<u>2022</u>	<u>2021</u>
Balance - beginning of year	\$ 790,893	\$ 503,857
Add: Contributions received during the year	2,918,378	2,535,980
Less: Contributions recognized as revenues in the year	<u>(2,686,388)</u>	<u>(2,248,944)</u>
Balance - end of year	<u>\$ 1,022,883</u>	<u>\$ 790,893</u>

6. COMMITMENTS

The Organization leases office space in Toronto, Ottawa and Halifax. Minimum annual lease payments, including property taxes and operating costs, over the terms of the leases. The future minimum lease payments as at December 31, 2022 are as follows:

2023	\$ 198,754
2024	144,070
2025	<u>128,212</u>
	<u>\$ 471,036</u>

7. GRANTS REVENUES

	<u>2022</u>	<u>2021</u>
Oceana, Inc. (Note 8)	\$ 1,095,801	\$ 848,807
The Nikita Foundation	678,310	828,709
Gordon and Betty Moore Foundation	602,992	432,717
Only One, Inc.	149,465	-
Donner Canadian Foundation	95,471	87,084
Charities Aid Foundation of America	34,648	35,627
Minister of Fisheries, Oceans and the Canadian Coast Guard	25,000	-
Employment and Social Development Canada	4,701	-
Ecojustice Canada	-	16,000
	<u>\$ 2,686,388</u>	<u>\$ 2,248,944</u>

OCEANA CANADA
Notes to Financial Statements
Year Ended December 31, 2022

8. OCEANA, INC.

Oceana, Inc., an independent organization based in the United States, which contributes administrative support, accounting and other services to the Organization based on the provisions of a services agreement. Contributed services from Oceana, Inc. are recorded as in-kind contributions in the statement of operations and are offset by an equal charge to operations as in-kind services expense. Non-monetary transactions with Oceana, Inc. are carried out in the normal course of business and are recorded at Oceana, Inc.'s cost of delivering the services, which approximates fair value.

The following services were contributed by Oceana, Inc. to the Organization:

	<u>2022</u>	<u>2021</u>
Salaries and benefits	\$ 221,192	\$ 173,624
Other	50,704	30,480
	<u>\$ 271,896</u>	<u>\$ 204,104</u>

Oceana, Inc. and the Organization are not related in that the two organizations do not share a common Board of Directors.

The in-kind contributions received by the Organization from Oceana, Inc. comprise 8% of total revenue for the year (2021 - 7%). During the year, Oceana, Inc. granted a cash contribution of \$897,000 (2021 - \$1,100,000), which is part of an agreement to financially support programming and ongoing operations of the Organization. Consulting fees revenue was earned by the Organization through the provision of services to Oceana, Inc. during the fiscal year.
