

OCEANA CANADA
Financial Statements
December 31, 2023

OCEANA CANADA
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Year Ended December 31, 2023

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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, 2023, 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, 2023, 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.

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.

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.

(continues)

Independent Auditor's Report to the Members of Oceana Canada *(continued)*

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 10, 2024

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

OCEANA CANADA
Statement of Financial Position
As at December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 1,252,335	\$ 1,527,539
Accounts receivable (Note 3)	34,293	78,102
Harmonized Sales Tax recoverable	71,278	74,641
Prepaid expenses	87,870	80,878
	1,445,776	1,761,160
CAPITAL ASSETS (Note 4)	20,835	14,255
	\$ 1,466,611	\$ 1,775,415
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 114,484	\$ 81,812
Deferred contributions (Note 5)	497,598	1,022,883
	612,082	1,104,695
NET ASSETS		
UNRESTRICTED	854,529	670,720
	\$ 1,466,611	\$ 1,775,415
COMMITMENTS (Note 6)		

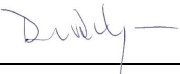
APPROVED ON BEHALF OF THE BOARD


 _____ Director
 _____ Director

OCEANA CANADA
Statement of Financial Position
As at December 31, 2023

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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, 2023

	2023	2022
REVENUES		
Grants <i>(Notes 7 and 8)</i>	\$ 3,037,256	\$ 2,686,388
In-kind contributions <i>(Note 8)</i>	286,476	271,896
Consulting fees <i>(Note 8)</i>	223,644	160,473
Donations	158,923	139,716
Interest and other	7	3
Capital contributions recognized	-	383
	<u>3,706,306</u>	<u>3,258,859</u>
EXPENSES		
Salaries, benefits, and payroll taxes	2,142,040	1,778,838
Consultants	362,189	334,820
In-kind services <i>(Note 8)</i>	286,476	271,896
Rent	223,951	206,426
Advertising	196,258	187,394
Travel	158,430	83,086
Office and general	112,946	92,287
Conferences and events	11,666	134,186
Amortization of capital assets	11,537	13,408
Bank charges	9,297	8,587
Insurance	7,707	7,558
	<u>3,522,497</u>	<u>3,118,486</u>
EXCESS OF REVENUES OVER EXPENSES	183,809	140,373
NET ASSETS - BEGINNING OF YEAR	670,720	530,347
NET ASSETS - END OF YEAR	\$ 854,529	\$ 670,720

See the accompanying notes to these financial statements

OCEANA CANADA
Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 183,809	\$ 140,373
Items not affecting cash:		
Amortization of capital assets	11,537	13,408
Capital contributions recognized	-	(383)
	<u>195,346</u>	<u>153,398</u>
Changes in non-cash working capital:		
Accounts receivable	43,809	(31,163)
Harmonized Sales Tax recoverable/payable	3,363	(45,280)
Prepaid expenses	(6,992)	(22,528)
Accounts payable and accrued liabilities	32,672	18,150
Deferred contributions	(525,285)	231,990
	<u>(452,433)</u>	<u>151,169</u>
Cash flows from (used by) operating activities	<u>(257,087)</u>	<u>304,567</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(18,117)</u>	<u>(6,137)</u>
INCREASE IN CASH	(275,204)	298,430
CASH - BEGINNING OF YEAR	<u>1,527,539</u>	<u>1,229,109</u>
CASH - END OF YEAR	<u>\$ 1,252,335</u>	<u>\$ 1,527,539</u>

See the accompanying notes to these financial statements

OCEANA CANADA
Notes to Financial Statements
Year Ended December 31, 2023

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 revenues 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 revenues in the same year, 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. The impairment loss is equal to the difference between the carrying value and the expected recoverable amount. 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
Office equipment	5 years
Leasehold improvements	Terms of leases

(continues)

OCEANA CANADA
Notes to Financial Statements
Year Ended December 31, 2023

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 replacement value. 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 replacement value. 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 its financial instruments, which is consistent with the prior year.

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, 2023 include \$nil (2022 - \$25,000) 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	2023 Net book value	2022 Net book value
Computer equipment	\$ 100,658	\$ 87,826	\$ 12,832	\$ 7,943
Furniture and fixtures	69,920	64,469	5,451	4,636
Office equipment	26,068	23,516	2,552	695
Leasehold improvements	164,919	164,919	-	981
	<u>\$ 361,565</u>	<u>\$ 340,730</u>	<u>\$ 20,835</u>	<u>\$ 14,255</u>

OCEANA CANADA
Notes to Financial Statements
Year Ended December 31, 2023

5. DEFERRED CONTRIBUTIONS

Deferred contributions at December 31 consist of the following:

	2023	2022
Gordon and Betty Moore Foundation	\$ 202,628	\$ 241,300
Oceana, Inc.	114,079	121,371
Donner Canadian Foundation	105,891	93,695
Echo Foundation	75,000	-
The Nikita Foundation	-	492,981
Only One, Inc.	-	45,111
Charities Aid Foundation of America	-	28,425
	\$ 497,598	\$ 1,022,883

The continuity of deferred contributions is as follows:

	2023	2022
Balance - beginning of year	\$ 1,022,883	\$ 790,893
Add: Contributions received during the year	2,511,971	2,918,378
Less: Contributions recognized as revenues in the year	(3,037,256)	(2,686,388)
	\$ 497,598	\$ 1,022,883

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, 2023 are as follows:

2024	\$ 220,503
2025	151,231
2026	17,572
2027	18,094
2028	12,178
	\$ 419,578

OCEANA CANADA
Notes to Financial Statements
Year Ended December 31, 2023

7. GRANTS REVENUES

	<u>2023</u>	<u>2022</u>
The Nikita Foundation	\$ 1,492,981	\$ 678,310
Gordon and Betty Moore Foundation	712,002	602,992
Oceana, Inc. (Note 8)	614,292	1,095,801
Donner Canadian Foundation	92,804	95,471
Only One, Inc.	48,272	149,465
FedEx Corporation	46,568	-
Charities Aid Foundation of America	30,337	34,648
Employment and Social Development Canada	-	4,701
Minister of Fisheries, Oceans and the Canadian Coast Guard	-	25,000
	<u>\$ 3,037,256</u>	<u>\$ 2,686,388</u>

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>2023</u>	<u>2022</u>
Salaries and benefits	\$ 223,242	\$ 221,192
Other	63,234	50,704
	<u>\$ 286,476</u>	<u>\$ 271,896</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 revenues for the year (2022 - 8%). During the year, Oceana, Inc. granted a cash contribution of \$577,327 (2022 - \$897,000), 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.