



**OCEANA, INC. AND AFFILIATE**

**Consolidated Financial Statements**

*For the Year Ended December 31, 2023*

*(With Summarized Financial Information for the Year Ended December 31, 2022)*



**and  
Report Thereon**



**OCEANA, INC. AND AFFILIATE**

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**For the Year Ended December 31, 2023**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
**Oceana, Inc. and Affiliate**

### ***Opinion***

We have audited the consolidated financial statements of Oceana, Inc. and Affiliate (collectively referred to as the Organization), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

## **Other Matter**

### ***Report on Summarized Comparative Information***

We have previously audited the Organization's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Marcum LLP*

Washington, DC  
June 17, 2024

**OCEANA, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**December 31, 2023**  
**(With Summarized Financial Information as of December 31, 2022)**

	2023	2022
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 33,484,974	\$ 38,362,710
Short-term investments	6,646,108	3,848,677
Grants and contributions receivable, current portion	19,821,631	10,502,254
Other receivable	394,332	2,760,573
Prepaid expenses and other	655,981	688,355
Total Current Assets	61,003,026	56,162,569
Grants and contributions receivable, net of current portion	3,608,853	7,295,708
Property and equipment, net	1,646,465	2,028,589
Right of use asset – operating	6,638,308	7,775,809
Deposits and other long-term assets	2,179,022	1,821,921
<b>TOTAL ASSETS</b>	<b>\$ 75,075,674</b>	<b>\$ 75,084,596</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 3,737,066	\$ 3,116,813
Lease liability – operating, current portion	1,602,742	1,637,887
Total Current Liabilities	5,339,808	4,754,700
Lease liability – operating, net of current portion	8,109,817	9,574,824
<b>TOTAL LIABILITIES</b>	<b>13,449,625</b>	<b>14,329,524</b>
Net Assets		
Without donor restrictions	32,419,348	32,227,180
With donor restrictions	29,206,701	28,527,892
<b>TOTAL NET ASSETS</b>	<b>61,626,049</b>	<b>60,755,072</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 75,075,674</b>	<b>\$ 75,084,596</b>

The accompanying notes are an integral part of these consolidated financial statements.

**OCEANA, INC. AND AFFILIATE**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2023**

**(With Summarized Financial Information for the Year Ended December 31, 2022)**

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
<b>REVENUE AND SUPPORT</b>				
Grants and contributions	\$ 12,938,727	\$ 29,023,147	\$ 41,961,874	\$ 41,242,354
Special events	4,736,691	-	4,736,691	3,354,001
In-kind revenue	837,468	-	837,468	1,162,035
Miscellaneous	28,804	-	28,804	47,070
Investment income	616,369	-	616,369	(4,480)
Foreign currency transaction losses	(130,333)	-	(130,333)	(194,185)
Net assets released from restrictions:				
Satisfaction of time restrictions	4,048,763	(4,048,763)	-	-
Satisfaction of program restrictions	24,295,575	(24,295,575)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>47,372,064</b>	<b>678,809</b>	<b>48,050,873</b>	<b>45,606,795</b>
<b>EXPENSES</b>				
Program Services:				
International Activities	16,596,797	-	16,596,797	14,784,241
United States Oceans	10,347,631	-	10,347,631	11,168,994
Communications	3,164,073	-	3,164,073	2,517,250
Marine Science	2,532,980	-	2,532,980	2,408,536
Law	1,349,522	-	1,349,522	1,965,878
Oceana Action, Inc.	128,733	-	128,733	116,261
Total Program Services	34,119,736	-	34,119,736	32,961,160
Supporting Services:				
General and administrative	7,646,298	-	7,646,298	6,507,096
Fundraising – other	4,641,195	-	4,641,195	3,250,058
Fundraising – cost of direct benefit to donors	772,667	-	772,667	257,753
Total Supporting Services	13,060,160	-	13,060,160	10,014,907
<b>TOTAL EXPENSES</b>	<b>47,179,896</b>	<b>-</b>	<b>47,179,896</b>	<b>42,976,067</b>
<b>CHANGE IN NET ASSETS</b>	<b>192,168</b>	<b>678,809</b>	<b>870,977</b>	<b>2,630,728</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>32,227,180</b>	<b>28,527,892</b>	<b>60,755,072</b>	<b>58,124,344</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 32,419,348</b>	<b>\$ 29,206,701</b>	<b>\$ 61,626,049</b>	<b>\$ 60,755,072</b>

The accompanying notes are an integral part of these consolidated financial statements.

**OCEANA, INC. AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2023**  
**(With Summarized Financial Information for the Year Ended December 31, 2022)**

	Program Services						Supporting Services				2023 Total	2022 Total
	International Activities	United States Oceans	Communications	Marine Science	Law	Oceana Action, Inc.	Total Program Services	General and Administrative	Fundraising	Total Supporting Services		
Salaries and wages	\$ 7,820,631	\$ 6,515,435	\$ 1,575,475	\$ 1,279,955	\$ 356,770	\$ 8,507	\$ 17,556,773	\$ 3,575,718	\$ 1,786,854	\$ 5,362,572	\$ 22,919,345	\$ 20,186,480
Employee benefits	640,631	1,489,928	364,426	291,471	85,899	1,978	2,874,333	823,153	411,264	1,234,417	4,108,750	3,333,181
Consultants	1,477,292	193,592	543,980	440,976	1,120	-	2,656,960	460,169	748,055	1,208,224	3,865,184	3,701,812
Payroll taxes	1,030,062	451,245	108,748	87,339	26,691	641	1,704,726	249,724	123,416	373,140	2,077,866	1,780,246
Occupancy	627,953	571,280	154,341	114,733	37,197	459	1,505,963	418,437	152,258	570,695	2,076,658	1,975,569
Travel	1,321,484	248,432	79,248	131,526	49	-	1,780,739	101,198	160,643	261,841	2,042,580	1,411,611
Conferences and meetings	485,358	64,364	8,727	32,529	107	-	591,085	356,137	870,983	1,227,120	1,818,205	940,729
Awards, grants and contributions	700,485	214,675	-	55,693	-	-	970,853	366,000	7,540	373,540	1,344,393	1,966,194
Professional fees	522,726	1,622	-	-	26,486	2,860	553,694	441,334	18,394	459,728	1,013,422	881,681
Marketing	346,550	7,893	87,313	10,213	-	-	451,969	9,953	408,594	418,547	870,516	527,989
In-kind expenses	-	-	-	-	780,642	-	780,642	-	56,826	56,826	837,468	1,162,035
Dues and subscriptions	170,424	175,107	87,872	44,797	18,734	255	497,189	224,837	59,067	283,904	781,093	772,542
Printing and publications	467,056	42,996	18,383	2,206	-	-	530,641	5,029	103,825	108,854	639,495	689,181
Depreciation and amortization	219,716	16,497	-	668	267	-	237,148	371,210	-	371,210	608,358	680,665
Insurance	149,823	148,398	30,749	25,235	6,700	170	361,075	69,383	42,058	111,441	472,516	493,011
Boat – rental, repairs and maintenance	196,717	2,694	595	61	-	-	200,067	10,451	213,698	224,149	424,216	363,512
Advertising	190,550	77,958	80,732	-	2,763	-	352,003	3,055	7,667	10,722	362,725	585,071
Bank fees, taxes, and interest	-	827	430	462	1,961	13,696	17,376	132,903	155,368	288,271	305,647	793,526
Telecommunications	116,269	56,403	8,766	6,748	2,431	-	190,617	20,911	10,268	31,179	221,796	237,718
Supplies	58,297	36,600	5,204	2,645	881	6	103,633	48,866	7,907	56,773	160,406	228,343
Postage and shipping	12,583	6,781	2,756	611	202	153	23,086	23,145	47,282	70,427	93,513	74,895
Professional training and development	36,994	3,162	2,763	1,460	-	-	44,379	18,846	3,961	22,807	67,186	117,843
Equipment rental and maintenance	3,253	17,958	3,053	1,986	622	8	26,880	7,804	14,455	22,259	49,139	46,013
Miscellaneous	1,943	3,784	512	1,666	-	-	7,905	8,035	3,479	11,514	19,419	26,220
Bad debt expense	-	-	-	-	-	100,000	100,000	(100,000)	-	(100,000)	-	-
<b>TOTAL EXPENSES</b>	<b>\$ 16,596,797</b>	<b>\$ 10,347,631</b>	<b>\$ 3,164,073</b>	<b>\$ 2,532,980</b>	<b>\$ 1,349,522</b>	<b>\$ 128,733</b>	<b>\$ 34,119,736</b>	<b>\$ 7,646,298</b>	<b>\$ 5,413,862</b>	<b>\$ 13,060,160</b>	<b>\$ 47,179,896</b>	<b>\$ 42,976,067</b>

The accompanying notes are an integral part of these consolidated financial statements.



**OCEANA, INC. AND AFFILIATE**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2023**

**(With Summarized Financial Information for the Year Ended December 31, 2022)**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 870,977	\$ 2,630,728
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	608,358	680,665
Amortization of operating right-of-use asset	1,137,501	1,310,447
Loss on disposal of property and equipment	342	1,632
Realized and unrealized investment (gains) losses	(21,911)	46,762
Stock donation received	(867,903)	(357,807)
Change in the present value discount for contributions receivable	62,788	(61,363)
Changes in assets and liabilities:		
Grants and contributions receivable	(5,695,310)	(3,308,545)
Other receivable	2,366,241	116,712
Prepaid expenses and other	32,374	(78,968)
Deposits and other long-term assets	(357,101)	(12,056)
Accounts payable and accrued expenses	620,253	469,593
Lease liability – operating	(1,500,152)	(1,671,463)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(2,743,543)</b>	<b>(233,663)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of investments	258,534	276,808
Purchases of investments	(2,166,151)	-
Purchase of property and equipment	(226,576)	433,670
<b>NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES</b>	<b>(2,134,193)</b>	<b>710,478</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,877,736)</b>	<b>476,815</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>38,362,710</b>	<b>37,885,895</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 33,484,974</b>	<b>\$ 38,362,710</b>
<b>NONCASH INVESTING ACTIVITIES</b>		
Right of use asset – operating		<b>\$ 9,086,256</b>
Lease liability – operating		<b>\$ (12,884,174)</b>
Deferred rent and lease incentive		<b>\$ 3,797,918</b>

The accompanying notes are an integral part of these consolidated financial statements.

## OCEANA, INC. AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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#### 1. Organization and Summary of Significant Accounting Policies

##### **Organization**

Oceana, Inc. (Oceana) is a nonprofit organization incorporated under the laws of the District of Columbia on March 1, 2001. Oceana is the largest international advocacy organization focused solely on ocean conservation. Oceana's offices around the world work together to win strategic, directed campaigns that achieve measurable outcomes that will help make our oceans more biodiverse and abundant. These activities are funded primarily through grants and contributions.

Oceana Action, Inc. is a nonprofit organization incorporated under the laws of the District of Columbia on December 4, 2001. Oceana Action was formed to promote the design and effective implementation of policies at both the national and international levels, aimed at protecting and restoring marine fisheries and other living marine resources and the ecosystems in which they exist, and to engage the public in marine ecosystem advocacy efforts.

##### **Principles of Consolidation**

The consolidated financial statements include the accounts of Oceana and Oceana Action (collectively referred to as the Organization). Oceana and Oceana Action have been consolidated due to the presence of effective control and economic interest, as required under accounting principles generally accepted in the United States of America (GAAP). All intercompany balances and transactions have been eliminated in the consolidation.

Oceana operates through branch offices that are formally part of the U.S. corporation in Chile, the Philippines, and Peru. In the European Union, Oceana operates through a locally incorporated independent entity established in Spain, which has a branch office in Belgium, as well as through a separate, locally incorporated independent entity established in the United Kingdom. Oceana also operates through locally incorporated independent entities in Belize, Brazil, Mexico, and Switzerland. These entities are dependent on Oceana for funding; participate in Oceana's activities and decision-making; and carry out the general mission and international activities of Oceana. Accordingly, the activities of the branch entities and the independent entities are combined with Oceana's activities in the accompanying consolidated financial statements.

##### **Basis of Accounting**

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting. In accordance with this method of accounting, revenue is recognized in the period in which it is earned, and expenses are recognized in the period in which they are incurred.

##### **Cash Equivalents**

The Organization considers money market funds and certificates of deposit with an original maturity of three months or less or no penalty for early withdrawal to be cash equivalents. The Organization maintains cash accounts denominated in U.S. dollars, Chilean pesos, Belizean dollars, British pounds, Philippine pesos, Brazilian reals, Peruvian soles, Swiss francs, Euros, Mexican pesos and Danish kroner.

## OCEANA, INC. AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Grants and Contributions Receivable**

The Organization uses the allowance method to record potentially uncollectible grants and contributions receivable. The allowance is based on management's analysis of specific accounts and promises to give. A provision for doubtful accounts is made when collection of the full amount is no longer probable.

##### **Investments**

Investments are composed of certificates of deposit with maturities of more than three months or an early termination penalty and common stocks. Investments are reported in the accompanying consolidated financial statements at fair value based upon quoted market prices. Investments with maturity dates of less than one year, as well as equities donated near the end of the year which the Organization sold shortly thereafter, are presented as short-term investments in the accompanying consolidated financial statements.

##### **Fair Value Measurement**

In accordance with the accounting standards for fair value measurement for those assets and liabilities that are measured at fair value on a recurring basis, the Organization has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized on the basis of inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access.

*Level 2* – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

*Level 3* – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

As of December 31, 2023, only the Organization's investments, as described in Note 3 of these consolidated financial statements, were measured at fair value on a recurring basis.

## OCEANA, INC. AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Classification of Net Assets**

The net assets of the Organization are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of the Organization at the discretion of the Organization's management and the Board of Directors.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for specific periods of time. These donor restrictions can be temporary in nature in that they will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of December 31, 2023, the Organization had no net assets with donor restrictions that are required to be maintained in perpetuity.

##### **Property and Equipment and Related Depreciation and Amortization**

Acquisitions of furniture and equipment and eligible internal-use software and website development with an estimated useful life greater than a year and a cost greater than \$500 are capitalized at cost. Furniture, equipment, internal-use software and website development are depreciated using the straight-line method over estimated useful lives of three to five years. Leasehold improvements are amortized over the lesser of their estimated useful lives or the remaining life of the lease. Expenditures for major additions and improvements are capitalized; expenditures for maintenance and repairs are charged to expense when incurred. Costs incurred in the development of internal-use software are expensed during the preliminary and post-implementation operation stages, including data conversion, training and maintenance costs. Costs incurred during the application development stage of software development are capitalized. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in revenue or expenses, as appropriate.

##### **Revenue Recognition**

The Organization reports unconditional grants and contributions of cash and other assets as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets to a particular purpose or to a specific period of time. When the stipulated time restriction ends or the purpose of the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

Unconditional contributions and grants without donor restrictions are reported as revenue in the year in which payments are received and/or unconditional promises to give are made. Revenue recognized on unconditional contributions and grants for which the cash has not been received from the donor as of year-end is reflected as grants and contributions receivable in the accompanying consolidated statement of financial position.

## OCEANA, INC. AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Revenue Recognition (continued)**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates appropriate for the expected term of the promise to give. Amortization of the discount is included in grants and contributions revenue in the accompanying consolidated statement of activities. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Special events revenue consists of mainly contributions and ticket sales for gala events. Contributions are recorded as with or without donor restrictions based on whether they are restricted for a particular purpose or to a specific time as noted above. Ticket sales are treated as exchange transactions and are recognized at the point in time that the performance obligations are met, in this case at the time the gala event takes place.

##### **Transactions in Foreign Currencies**

As discussed above, Oceana, conducts many of its programs through offices in foreign countries and, accordingly, transacts in the local currencies of those countries. These foreign currency transactions are translated into U.S. dollars at the appropriate exchange rates when each transaction is executed. The resulting gain or loss is reflected in the accompanying consolidated statement of activities as net foreign currency transaction gains or losses. The U.S. dollar is considered the functional and reporting currency of Oceana.

##### **Donated Services**

The Organization's programs are furthered through the contribution of services by various organizations. Donated services are recorded at fair value as of the date of the donation and are included in in-kind revenue and expenses in the accompanying consolidated financial statements. For the year ended December 31, 2023, donated services consisted of pro-bono legal services relating to the law program.

##### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities are summarized on a functional basis in the accompanying consolidated statement of activities. Accordingly, certain costs are allocated proportionately among the programs and supporting services based on salaries expense for each program or supporting service. Salaries and benefits are allocated on the basis of weekly timesheets. The Organization allocates shared costs which benefit multiple areas and include occupancy, legal fees and insurance based on direct labor hours.

##### **Estimates**

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**OCEANA, INC. AND AFFILIATE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2023**

2. Grants and Contributions Receivable

As of December 31, 2023, contributors to the Organization had unconditionally promised to give \$23,430,484 to be used for particular programs and general support in the coming years.

All amounts were considered fully collectible and were due as follows:

Due within one year	\$ 19,821,631
Due in one to five years	<u>3,714,564</u>
Total Grants and Contributions Receivable	23,536,195
Less: Present Value Component (1.97%)	<u>(105,711)</u>
Grants and Contributions Receivable, Net	<u>\$ 23,430,484</u>

3. Investments and Fair Value Measurement

The following table summarizes the Organization's investments measured at fair value on a recurring basis as of December 31, 2023, aggregated by the fair value hierarchy level with which those measurements were made:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	<u>\$ 6,646,108</u>	<u>\$ -</u>	<u>\$ 6,646,108</u>	<u>\$ -</u>
Total	<u>\$ 6,646,108</u>	<u>\$ -</u>	<u>\$ 6,646,108</u>	<u>\$ -</u>

*Certificates of deposit* – Certificates of deposit have original maturity dates in excess of 90 days. A yield-based matrix system was used to arrive at an estimated fair value for these instruments, which are classified within Level 2 of the valuation hierarchy.

4. Property and Equipment and Related Depreciation and Amortization

The Organization held the following property and equipment as of December 31, 2023:

Leasehold improvements	\$ 2,860,120
Computer equipment	981,328
Furniture and office equipment	1,670,114
Computer software	996,905
Website development	667,110
Vehicles	<u>388,459</u>
Total Property and Equipment	7,564,036

## OCEANA, INC. AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

#### 4. Property and Equipment and Related Depreciation and Amortization (continued)

(continued)

Less: Accumulated Depreciation and Amortization \$ (5,917,571)

Property and Equipment, Net \$ 1,646,465

Depreciation and amortization expense was \$608,358 for the year ended December 31, 2023.

#### 5. Net Assets With Donor Restrictions

As of December 31, 2023, net assets with donor restrictions were restricted as follows as to purpose or period:

Subject to expenditure for specified purpose:	
International activities	\$ 20,458,318
United States Oceans	<u>3,792,000</u>
Total Subject to Expenditure for Specified Purpose	<u>24,250,318</u>
Subject to passage of time:	
General operating support for future periods	<u>4,956,383</u>
Total Subject to Passage of Time	<u>4,956,383</u>
Total Net Assets With Donor Restrictions	<u>\$ 29,206,701</u>

#### 6. Leases

The Organization entered into a noncancelable operating lease for its office space in Washington, D.C., during 2017, which is effective July 2018 through October 2029. The lease contains fixed increases in rent of 3.5% per annum for years one to five, and 3.8% thereafter, in addition to the payment of operating expenses. The Organization received rent abatement for the first 15 months of the original lease on 88.75% of the leased space and 38 months of abatement on the remaining 11.25% of the lease space. The lease also provided for a lease incentive for a build-out of the space totaling \$2,435,805. The lease contains the option to renew for a single 5-year period, as well as an early termination option. The Organization was not reasonably certain to exercise either of these options.

The Organization also leases its international office space in Spain, the Philippines; Brazil; Chile; Belize; Peru; Mexico; the United Kingdom; and, Belgium, as well as its offices in New York City, New York; Newport, Rhode Island; Portland, Oregon; Monterey, California; and Juneau, Alaska, under noncancelable operating leases, with terms that expire between 2023 and 2027.

The Organization recorded a right-of-use asset and lease liability for its operating leases in the accompanying consolidated statement of financial position. The right-of-use asset is amortized over the shorter of the lease term or the economic life of the leased asset. The associated lease

## OCEANA, INC. AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

#### 6. Leases (continued)

liability represents the net present value of the future amounts due under the lease, calculated using a risk-free rate of return selected based on the term of the lease. Options to renew or terminate the lease terms were considered in the measurement of total lease payments if the options were considered reasonably certain to be exercised. Nonlease components were not separated from lease components for accounting purposes. The Organization did not apply the recognition requirements to short-term leases.

Operating lease costs totaled \$1,441,237 for the year ended December 31, 2023, and are included as part of occupancy costs in the consolidated statement of functional expenses.

Supplemental information related to the Organization's operating leases is as follows for the year ended December 31, 2023:

Weighted-average remaining lease term (in years)	5.62 years
Weighted-average discount rate	1.28%

Future minimum lease payments on the Organization's operating leases are:

For the Year Ending December 31,	
2024	\$ 1,729,088
2025	1,704,099
2026	1,647,870
2027	1,687,924
2028	1,798,442
Thereafter	<u>1,428,108</u>
Less discount to present value	<u>(282,972)</u>
Total	<u>\$ 9,712,559</u>

#### 7. Commitments and Risks

##### **Concentration of Credit Risk**

The Organization's cash and cash equivalents are composed of amounts in accounts at various financial institutions. While the amount, at times, exceeds the amount guaranteed by the Federal Deposit Insurance Corporation (FDIC) and, therefore, bears some risk, the Organization has not experienced, nor does it anticipate, any loss of funds. As of December 31, 2023, the amount in excess of the FDIC insured limit was \$30,783,978. As of December 31, 2023, the Organization maintained \$1,676,954 in accounts at non-U.S. financial institutions.

For the year ended December 31, 2023, the Organization received unconditional contributions of approximately \$19,450,000 from three donors, which represents approximately 40% of the total revenue and support recognized. As of December 31, 2023, four donors owed the Organization approximately \$13,762,000, which represents approximately 59% of the grants and contributions receivable outstanding at year-end.



## OCEANA, INC. AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

#### 7. Commitments and Risks (continued)

##### **Foreign Operations**

As discussed in Note 1, the Organization has operations in Spain, the United Kingdom, Denmark, Belgium, Belize, the Philippines, Brazil, Chile, Mexico and Peru for the purpose of building an international movement to save the oceans through public policy advocacy, science and economics, legal action, grassroots mobilization and public education. The future results of these programs could be adversely affected by a number of potential factors, such as currency devaluations or changes in the political climate.

As of December 31, 2023, the Organization had cash and net property and equipment in these countries totaling \$3,053,421, representing approximately 4% of the Organization's total consolidated assets as of December 31, 2023.

#### 8. Availability and Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. As of December 31, 2023, the Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures were as follows:

Cash and cash equivalents	\$ 33,484,974
Grants and contributions receivable, current	19,821,631
Investments	6,646,108
Other receivable	<u>394,332</u>
Total Financial Assets Available Within One Year	60,347,045
Less:	
Amounts unavailable for general expenditures within one year due to donors' purpose restriction	(24,233,429)
Amounts unavailable for general expenditures within one year due to donors' time restriction	<u>(4,973,272)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 31,140,344</u>

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Organization throughout the year. This is accomplished through monitoring and reviewing the Organization's cash flow needs on a regular basis. As a result, management is aware of the Organization's cash flow needs and is, therefore, able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess operating cash is invested in FDIC insured certificates of deposit. The certificates of deposit have varying maturity dates throughout the year and are, therefore, available to meet any cash flow needs.

## OCEANA, INC. AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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#### 9. Retirement Plan

The Organization sponsors an elective deferral contribution retirement plan for all of its United States of America employees. Under the terms of the plan, the Organization may make elective deferral contributions based on each participant's annual compensation. For the year ended December 31, 2023, Oceana contributed 7% to participants who had completed at least six months of service. Additionally, the Organization will match dollar for dollar, up to 5% of compensation, its employees' elective deferral contributions. For the year ended December 31, 2023, the Organization's contribution expense totaled \$1,681,640.

#### 10. In-kind Revenue - Donated Legal Services

During the year ended December 31, 2023, the Organization estimated that it received 1,700 hours of donated legal services from law firms participating in its Law program. Management calculates the total value of these services based upon actual value of time reported by partnering law firms as well as an estimated value of time determined by hours reported and an average hourly rate determined from the rates of several law firms of varying sizes.

For the year ended December 31, 2023, in-kind revenue was recognized in the following functional areas:

Law Program	\$ 780,642
Fundraising	<u>56,826</u>
Total In-Kind Revenue	<u>\$ 837,468</u>

#### 11. Related Party Transactions

The Organization supports Oceana Canada, in furtherance of a shared purpose, joining forces to address the needs of the same programs in Canada as it supports throughout the world. Oceana Canada is an independent nonprofit organization incorporated under Canadian law. The Organization has a service agreement with Oceana Canada to provide administrative and other services. During the year ended December 31, 2023, the Organization donated \$455,136 in total cash contributions and performed services valued at \$213,079 in support of Oceana Canada's mission to preserve and protect Canada's oceans.

#### 12. Income Taxes

Oceana and Oceana Action are exempt from the payment of income taxes under Sections 501(c)(3) and 501(c)(4), respectively, of the Internal Revenue Code. As such, both organizations are taxed only on their net unrelated business income. No provision for income taxes was made for the year ended December 31, 2023, as neither organization had any significant net unrelated business income. In addition, some of the foreign operations of the Organization are subject to local income tax in the jurisdictions in which they operate. Any amounts owed as of December 31, 2023, are not significant to the consolidated financial statements.

## OCEANA, INC. AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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#### 12. Income Taxes (continued)

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *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 uncertainty in income taxes for the year ended December 31, 2023, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status.

As of December 31, 2023, the statute of limitations for certain tax years remained open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. However, no examinations are currently pending or in progress. It is the Organization's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in interest or income tax expense.

#### 13. Prior Year Summarized Financial Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2022, from which the summarized information was derived.

#### 14. Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions, for potential recognition or disclosure, through June 17, 2024, the date the consolidated financial statements were available to be issued. There were no subsequent events requiring adjustment and/or disclosure.

**SUPPLEMENTARY INFORMATION**

**OCEANA, INC. AND AFFILIATE**

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**December 31, 2023**

	Oceana	Oceana Action	Eliminations	Total
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 33,131,284	\$ 353,690	\$ -	\$ 33,484,974
Short-term investments	6,646,108	-	-	6,646,108
Grants and contributions receivable, current portion	19,821,631	-	-	19,821,631
Due from affiliate	13,478	-	(13,478)	-
Other receivable	393,105	1,227	-	394,332
Prepaid expenses and other	655,981	-	-	655,981
<b>Total Current Assets</b>	<b>60,661,587</b>	<b>354,917</b>	<b>(13,478)</b>	<b>61,003,026</b>
Grants and contributions receivable, net of current portion	3,608,853	-	-	3,608,853
Property and equipment, net	1,646,465	-	-	1,646,465
Right of use asset – operating	6,638,308	-	-	6,638,308
Deposits and other long-term assets	2,179,022	-	-	2,179,022
<b>TOTAL ASSETS</b>	<b>\$ 74,734,235</b>	<b>\$ 354,917</b>	<b>\$ (13,478)</b>	<b>\$ 75,075,674</b>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities				
Accounts payable and accrued expenses	\$ 3,734,315	\$ 2,751	\$ -	\$ 3,737,066
Lease liability – operating, current portion	1,602,742	-	-	1,602,742
Due to affiliate	-	13,478	(13,478)	-
<b>Total Current Liabilities</b>	<b>5,337,057</b>	<b>16,229</b>	<b>(13,478)</b>	<b>5,339,808</b>
Lease liability – operating, net of current portion	8,109,817	-	-	8,109,817
<b>TOTAL LIABILITIES</b>	<b>13,446,874</b>	<b>16,229</b>	<b>(13,478)</b>	<b>13,449,625</b>
Net Assets				
Without donor restrictions	32,080,660	338,688	-	32,419,348
With donor restrictions	29,206,701	-	-	29,206,701
<b>TOTAL NET ASSETS</b>	<b>61,287,361</b>	<b>338,688</b>	<b>-</b>	<b>61,626,049</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 74,734,235</b>	<b>\$ 354,917</b>	<b>\$ (13,478)</b>	<b>\$ 75,075,674</b>

See independent auditors' report on supplementary information.

**OCEANA, INC. AND AFFILIATE**

**CONSOLIDATING SCHEDULE OF ACTIVITIES**

**For the Year Ended December 31, 2023**

	Oceana	Oceana Action	Eliminations	Total
<b>REVENUE AND SUPPORT</b>				
Grants and contributions	\$ 41,961,874	\$ -	\$ -	\$ 41,961,874
Special events	4,736,691	-	-	4,736,691
In-kind revenue	837,468	-	-	837,468
Investment income	616,369	-	-	616,369
Miscellaneous	28,804	-	-	28,804
Foreign currency transaction losses	(130,333)	-	-	(130,333)
<b>TOTAL REVENUE AND SUPPORT</b>	<b>48,050,873</b>	<b>-</b>	<b>-</b>	<b>48,050,873</b>
<b>EXPENSES</b>				
Program Services:				
International Activities	16,596,797	-	-	16,596,797
United States Oceans	10,347,631	-	-	10,347,631
Communications	3,164,073	-	-	3,164,073
Marine Science	2,532,980	-	-	2,532,980
Law	1,349,522	-	-	1,349,522
Oceana Action, Inc.	-	128,733	-	128,733
<b>Total Program Services</b>	<b>33,991,003</b>	<b>128,733</b>	<b>-</b>	<b>34,119,736</b>
Supporting Services:				
General and administrative	7,646,298	-	-	7,646,298
Fundraising – other	4,641,195	-	-	4,641,195
Fundraising – cost of direct benefit to donors	772,667	-	-	772,667
<b>Total Supporting Services</b>	<b>13,060,160</b>	<b>-</b>	<b>-</b>	<b>13,060,160</b>
<b>TOTAL EXPENSES</b>	<b>47,051,163</b>	<b>128,733</b>	<b>-</b>	<b>47,179,896</b>
<b>CHANGE IN NET ASSETS</b>	<b>999,710</b>	<b>(128,733)</b>	<b>-</b>	<b>870,977</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>60,287,651</b>	<b>467,421</b>	<b>-</b>	<b>60,755,072</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 61,287,361</b>	<b>\$ 338,688</b>	<b>\$ -</b>	<b>\$ 61,626,049</b>

See independent auditors' report on supplementary information.