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**OCEANA CANADA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

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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, 2021, 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 Oceana Canada as at December 31, 2021 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 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. 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.

## INDEPENDENT AUDITOR'S REPORT (continued)

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 your 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.

*Pemylegion Chung LLP*

Chartered Professional Accountants  
Licensed Public Accountants

April 25, 2022  
Toronto, Ontario

**OCEANA CANADA**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 1,229,109	\$ 696,906
Amounts receivable	46,939	32,582
HST rebate recoverable	29,361	29,902
Prepaid expenses	<u>58,350</u>	<u>55,353</u>
	1,363,759	814,743
Capital assets (note 3)	<u>21,526</u>	<u>37,505</u>
	<u>\$ 1,385,285</u>	<u>\$ 852,248</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 63,662	\$ 123,242
Deferred contributions (note 4)	<u>790,893</u>	<u>503,857</u>
	854,555	627,099
Deferred capital contributions	<u>383</u>	<u>2,149</u>
	<u>854,938</u>	<u>629,248</u>
Net assets		
Unrestricted	<u>530,347</u>	<u>223,000</u>
	<u>\$ 1,385,285</u>	<u>\$ 852,248</u>

Approved on behalf of the Board:

  
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David Delagran  
Director

  
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Pamela Hillen  
Director

see accompanying notes

# OCEANA CANADA

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
<b>REVENUE</b>		
Grants (note 6)	\$ 2,248,944	\$ 2,228,855
Donations	322,284	97,859
In-kind contributions (note 7)	204,104	250,183
Consulting fees	62,959	32,582
Capital contributions recognized	1,766	6,733
Interest and other	15	1,111
Temporary Wage Subsidy for Employers	<u>-</u>	<u>22,000</u>
	<u>2,840,072</u>	<u>2,639,323</u>
<b>EXPENSES</b>		
Salaries, benefits and payroll taxes	1,536,224	1,475,026
Advertising	244,956	207,633
Consultants	224,783	267,910
Rent	204,716	162,962
In-kind services (note 7)	204,104	250,183
Office and general	81,401	85,571
Bank charges	8,476	8,146
Insurance	7,425	10,577
Conferences and events	2,359	1,493
Travel	123	23,755
Amortization	<u>18,158</u>	<u>58,614</u>
	<u>2,532,725</u>	<u>2,551,870</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	307,347	87,453
Net assets, beginning of year	<u>223,000</u>	<u>135,547</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 530,347</u>	<u>\$ 223,000</u>

see accompanying notes

# OCEANA CANADA

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	<b>2021</b>	<b>2020</b>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 307,347	\$ 87,453
Add back (deduct) non-cash items-		
Amortization	18,158	58,614
Capital contributions recognized	(1,766)	(6,733)
Loss on disposal of capital asset	-	(419)
Net change in non-cash working capital items (see below)	<u>210,643</u>	<u>306,719</u>
Net cash generated from operating activities	534,382	445,634
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	<u>(2,179)</u>	<u>(14,242)</u>
<b>NET INCREASE IN CASH FOR THE YEAR</b>	532,203	431,392
Cash, beginning of year	<u>696,906</u>	<u>265,514</u>
<b>CASH, END OF YEAR</b>	<u>\$ 1,229,109</u>	<u>\$ 696,906</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Amounts receivable	\$ (14,357)	\$ (8,186)
HST rebate recoverable	541	32,544
Prepaid expenses	(2,997)	(4,542)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(59,580)	5,954
Deferred contributions	<u>287,036</u>	<u>280,949</u>
	<u>\$ 210,643</u>	<u>\$ 306,719</u>

see accompanying notes

# OCEANA CANADA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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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.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

#### Revenue recognition

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) The organization follows the deferral method of revenue recognition for contributions. 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. Unrestricted contributions, including donations and amounts received from fundraising are recorded when funds are received.
- ii) Except for in-kind contributions provided by Oceana, Inc., 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. Because of the difficulty of determining the fair value, volunteer services are not recorded in the financial statements.
- iii) Consulting fee revenue is recognized when services are delivered.

#### Capital assets

Capital assets are initially recorded at cost. Amortization is provided on a straight-line basis over their estimated useful lives as follows:

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

### 2. FINANCIAL INSTRUMENTS

The organization records financial instruments, which include cash, amounts receivable, accounts payable and accrued liabilities, initially at fair value. Subsequently, financial instruments are measured net of any provisions for impairment in value.

# OCEANA CANADA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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### 3. CAPITAL ASSETS

Capital assets are as follows:

	Cost	Accumulated Amortization	2021 Net	2020 Net
Computer equipment	\$ 82,666	\$ (72,597)	\$ 10,069	\$ 20,373
Furniture and fixtures	66,401	(58,984)	7,417	10,727
Leasehold improvements	164,919	(162,258)	2,661	4,343
Office equipment	<u>23,326</u>	<u>(21,947)</u>	<u>1,379</u>	<u>2,062</u>
	<u>\$ 337,312</u>	<u>\$ (315,786)</u>	<u>\$ 21,526</u>	<u>\$ 37,505</u>

### 4. DEFERRED CONTRIBUTIONS

Deferred contributions comprise the following:

	2021	2020
Oceana, Inc.	\$ 320,172	\$ 68,979
Gordon and Betty Moore Foundation	197,640	328,160
The Nikita Foundation	171,291	-
Donner Canadian Foundation	79,167	71,250
Charities Aid Foundation of America	22,623	19,468
Ecojustice Canada	<u>-</u>	<u>16,000</u>
	<u>\$ 790,893</u>	<u>\$ 503,857</u>

Continuity of deferred contributions for the year is as follows:

	2021	2020
Deferred contributions, beginning of year	\$ 503,857	\$ 222,908
Add cash received from grants	2,535,980	2,509,804
Less grants recognized as revenue (note 6)	<u>(2,248,944)</u>	<u>(2,228,855)</u>
Deferred contributions, end of year	<u>\$ 790,893</u>	<u>\$ 503,857</u>

### 5. 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 are as follows:

2022	\$ 209,687
2023	198,754
2024	144,070
2025	128,212
2026	<u>0</u>
	<u>\$ 680,723</u>



# OCEANA CANADA

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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### 6. GRANT REVENUE

Grant revenue is as follows:

	2021	2020
Oceana, Inc.	\$ 848,807	\$ 753,929
The Nikita Foundation	828,709	1,000,000
Gordon and Betty Moore Foundation	432,717	355,270
Donner Canadian Foundation	87,084	73,750
Charities Aid Foundation of America	35,627	13,906
Ecojustice Canada	<u>16,000</u>	<u>32,000</u>
	<u>\$ 2,248,944</u>	<u>\$ 2,228,855</u>

### 7. OCEANA, INC.

Oceana, Inc., an independent organization based in the United States, 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:

	2021	2020
Salaries and benefits	\$ 173,624	\$ 221,730
Other	<u>30,480</u>	<u>28,453</u>
	<u>\$ 204,104</u>	<u>\$ 250,183</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 7% of total revenue for the year (2020 - 9%). During the year, Oceana, Inc. granted a cash contribution of \$1,100,000 (2020 - \$650,000), which is part of an agreement to financially support programming and ongoing operations of the organization.