



OCEANIC PRESERVATION SOCIETY

(NON-PROFIT ORGANIZATION)

Financial Statements

for the year ended December 31, 2021

OCEANIC PRESERVATION SOCIETY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Oceanic Preservation Society
Greenbrae, CA

Opinion

We have audited the accompanying financial statements of the Oceanic Preservation Society (a non-profit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Oceanic Preservation Society (a non-profit organization) as of December 31, 2021, and its activities and change in net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organizations 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

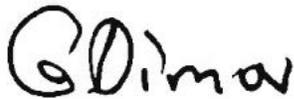
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Sincerely,

A handwritten signature in black ink that reads "G Dimov". The signature is written in a cursive, slightly stylized font.

**George Dimov, CPA
New York, NY
October 14, 2022**

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GEORGE DIMOV CPA

**OCEANIC PRESERVATION SOCIETY
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021**

**December 31,
2021**

ASSETS

Current assets

Cash and cash equivalents	1,323,525
Accounts receivable - related party	321,506

Total current assets	1,645,031
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Non-current assets

Property and equipment	172,013
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Total non-current assets	172,013
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TOTAL ASSETS	1,817,044
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	106,602
Payroll liabilities	33,013
Other liabilities	63,855

Total current liabilities	203,470
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Net assets

Without donor restrictions	1,304,295
With donor restrictions	309,279

Total net assets	1,613,574
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TOTAL LIABILITIES AND NET ASSETS	1,817,044
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The accompanying notes are an integral part of these financial statements.
The independent auditor's report is on pages 3-4.

**OCEANIC PRESERVATION SOCIETY
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Without donor restrictions	With donor restrictions	Total Year ended December 31, 2021
Revenue, gains and other support:			
Contributions and grants received	297,607	777,420	1,075,027
Reimbursement from OPS Foundation for film productions	444,734	-	444,734
Production fees	265,091	-	265,091
PPA loan forgiveness income	45,065	-	45,065
Other revenue and support	232,484	-	232,484
Net assets released from restrictions:			
Satisfaction of restrictions	468,141	(468,141)	-
Total revenue, gains and support	<u>1,753,122</u>	<u>309,279</u>	<u>2,062,401</u>
Expenses			
Management and general expenses	(852,722)	-	(852,722)
Program services and expenses	(1,003,073)	-	(1,003,073)
Total expenses	<u>(1,855,795)</u>	<u>-</u>	<u>(1,855,795)</u>
CHANGE IN NET ASSETS FOR THE YEAR	<u>(102,673)</u>	<u>309,279</u>	<u>206,606</u>
NET ASSETS, START OF THE YEAR	<u>1,406,968</u>	<u>-</u>	<u>1,406,968</u>
NET ASSETS, END OF THE YEAR	<u>1,304,295</u>	<u>309,279</u>	<u>1,613,574</u>

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**OCEANIC PRESERVATION SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program services and expenses	Management and general expenses	Total expenses (2021)
EXPENSES			
Salaries and Wages	484,127	543,878	1,028,005
Grant Expenses	187,950	-	187,950
Rent	-	115,408	115,408
Revenue share distributions	78,577	-	78,577
Legal and other professional fees	-	77,302	77,302
Depreciation	76,237	-	76,237
Insurance	13,257	42,263	55,520
Advertisement and marketing	39,330	-	39,330
Travel	39,110	-	39,110
Distribution	39,000	-	39,000
Website	-	28,780	28,780
Production and post production	24,835	-	24,835
Commissions	20,250	-	20,250
Printing	-	12,753	12,753
Software	-	5,112	5,112
Repairs and maintenance	-	2,731	2,731
Telephone	-	1,739	1,739
Other	400	22,756	23,156
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	1,003,073	852,722	1,855,795
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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**OCEANIC PRESERVATION SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Year ended December 31, 2021
Cash flows from operating activities	
Change in net assets	206,606
Adjustments for:	
Depreciation	76,237
PPP Loan forgiveness	(45,065)
Changes in working capital:	
Changes in accounts receivable - related parties	134,709
Changes in accounts payable	73,394
Changes in other liabilities	63,855
Changes in payroll liabilities	(118,843)
Net cash provided by operating activities	<u>390,893</u>
Cash flows from investing activities	
Purchase of property and equipment	(65,969)
Net cash used in investing activities	<u>(65,969)</u>
Cash flows from financing activities	
Repayment of related party loan	(222,141)
Net cash used in financing activities	<u>(222,141)</u>
Net cash flow during the year	<u>102,783</u>
CASH - START OF THE YEAR	<u>1,220,742</u>
CASH - END OF THE YEAR	<u>1,323,525</u>
Supplemental disclosures of cash flow information	
Interest paid	771
Income taxes paid (refunded)	-

The accompanying notes are an integral part of these financial statements.
The independent auditor's report is on pages 3-4.

**OCEANIC PRESERVATION SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021**

NOTE 1: NATURE OF OPERATIONS

The Oceanic Preservation Society (the "Organization") is a California-based 501(c)(3) non-profit organization founded in 2005 for the purpose of promoting marine conservation and environmental protection by combating complex global issues such as biodiversity loss, climate change, illegal wildlife trading, deforestation, and unsustainable fishing through documentary and media.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities.

As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets may be subject to donor-imposed stipulations that are more restrictive than the Organizations' mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Going Concern

The Organization's management has assessed the Organization's ability to continue as a going concern and is satisfied that the Organization has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Organization's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Maintenance and repair costs are charged to operations as incurred. Renewals and betterments are charged to the appropriate asset account. Depreciation is provided using the straight-line over the estimated useful lives of the assets.

Film Costs Capitalization

Film costs include capitalizable production costs, production overhead, interest, development costs, and acquired production costs and per ASC 926 Entertainment - Film these costs should be stated at the lower of cost, less accumulated amortization, or fair value on the statement of financial position. The Organization does not capitalize film costs incurred during the production of their documentary films as there is no persuasive evidence existing at the time the films are being produced that indicates there will be ultimate revenue from their creation. Thus, all production, marketing, distribution, and general and administrative costs are expensed as incurred.

Contributed Assets

Assets with fair market values in excess of \$5,000 (per unit) that are contributed to the Organization shall be capitalized as fixed assets on the financial statements. Contributed items with market values below this threshold shall be expensed in the year contributed.

Capitalized contributed assets are accounted for at their market value at the time of donation and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives, as described later.

In-kind Services and Materials

In kind professional services are recorded at the respective fair values of the services received. Donated materials are recorded at fair value at the date of donation.

Functional Allocation of Expenses

The costs of conducting the films, photography and media activities are presented on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support, revenue, and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Concentration and Credit Risks

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organization has never experienced any losses related to these balances.

The biggest donor accounted for 37% (\$400,000) of the total contribution received by the Organization during the year ended December 31, 2021.

Taxes and Tax-Exempt Status

The Oceanic Preservation Society is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi). However, income from activities not directly related to OPS's tax-exempt purpose is subject to taxation as unrelated business income.

The Organization believes that it has conducted its operations in accordance with, and has properly maintained, its tax-exempt status, and that it has taken no material uncertain tax positions that qualify for recognition or disclosure in the financial statements. The Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2019.

New accounting pronouncements not yet adopted

ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning

after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

ASU 2019-01, Leases (Topic 842) changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non-public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The Organization plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption methods and the impact of the new standards on its accompanying financial statements.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment of the Organization as of December 31, 2021 were as follows:

	December 31, 2021
Computer equipment	230,537
Camera equipment	213,030
Lighting & grip equipment	1,524
Less: accumulated depreciation	<u>(273,078)</u>
	<u><u>172,013</u></u>

Depreciation expenses for the year ended December 31, 2021 were \$76,237.

NOTE 4: PPP LOAN FORGIVENESS

On May 01, 2020, the Organization received loan proceeds in the amount of \$45,065 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business.

The loan was fully forgiven during the year ended December 31, 2021.

NOTE 5: RELATED PARTY TRANSACTIONS

Accounts receivable from the related party – The OPS Foundation and its subsidiaries – as of December 31, 2021 amounted to \$321,506.

Film production fees received from The OPS Foundation and its subsidiaries during the year ended December 31, 2021 amounted to \$444,734.

NOTE 6: EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 14, 2022, the date on which the financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2021 have been incorporated into these financial statements and there are no subsequent events that require disclosure.

NOTE 7: APPROVAL OF FINANCIAL STATEMENTS

Financial statements have been approved by management of the Organization and authorized for issue on October 14, 2022.