



OCEANIC PRESERVATION SOCIETY

(NON-PROFIT ORGANIZATION)

Financial Statements

for the year ended December 31, 2022

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, 2022, 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, 2022, 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.

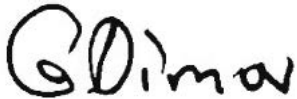
Auditor's Responsibilities for the Audit of the Financial Statements

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
June 10, 2023

dimov

GEORGE DIMOV CPA

**OCEANIC PRESERVATION SOCIETY
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022**

	December 31, 2022
ASSETS	
Current assets	
Cash and cash equivalents	1,267,372
Accounts receivable - related party	57,764
Total current assets	1,325,136
Non-current assets	
Property and equipment	140,929
Total non-current assets	140,929
TOTAL ASSETS	1,466,065
 LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	49,787
Credit cards	25,735
Payroll liabilities	32,364
Other liabilities	57,604
Total current liabilities	165,490
Net assets	
Unrestricted net assets	1,011,339
Temporarily restricted net assets	289,236
Total net assets	1,300,575
TOTAL LIABILITIES AND NET ASSETS	1,466,065

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, 2022**

	Without donor restrictions	With donor restrictions	Total Year ended December 31, 2022
Revenue, gains and other support:			
Contributions and grants received	372,498	17,760	390,258
Production fees	231,077	-	231,077
Other revenue and support	13,945	-	13,945
Net assets released from restrictions:			
Satisfaction of restrictions	37,803	(37,803)	-
Total revenue, gains and support	<u>655,323</u>	<u>(20,043)</u>	<u>635,280</u>
Expenses			
Management and general expenses	(316,908)	-	(316,908)
Program services and expenses	(1,226,716)	-	(1,226,716)
Total expenses	<u>(1,543,624)</u>	<u>-</u>	<u>(1,543,624)</u>
Reimbursement from OPS Foundation for film productions	<u>595,345</u>	<u>-</u>	<u>595,345</u>
CHANGE IN NET ASSETS FOR THE YEAR	<u>(292,956)</u>	<u>(20,043)</u>	<u>(312,999)</u>
NET ASSETS, START OF THE YEAR	<u>1,304,295</u>	<u>309,279</u>	<u>1,613,574</u>
NET ASSETS, END OF THE YEAR	<u>1,011,339</u>	<u>289,236</u>	<u>1,300,575</u>

The accompanying notes are an integral part of these financial statements.
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**OCEANIC PRESERVATION SOCIETY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program services and expenses	Management and general expenses	Total expenses 2022
EXPENSES			
Salaries and Wages	568,394	82,821	651,215
Grant Expenses	230,832	-	230,832
Contract labor	150,520	-	150,520
Rent	-	129,278	129,278
Production and post production	74,785	-	74,785
Distribution	62,632	-	62,632
Depreciation	60,739	-	60,739
Insurance	13,016	44,053	57,069
Travel	39,453	-	39,453
Website	-	19,533	19,533
Advertisement and marketing	19,273	-	19,273
Legal and other professional fees	-	13,136	13,136
Software	-	6,960	6,960
Commissions	5,600	-	5,600
Telephone	-	3,355	3,355
Printing	-	2,969	2,969
Repairs and maintenance	-	2,926	2,926
Revenue share distributions	470	-	470
Other	1,002	11,877	12,879
	<u>1,186,222</u>	<u>357,402</u>	<u>1,543,624</u>
TOTAL EXPENSES	<u>1,186,222</u>	<u>357,402</u>	<u>1,543,624</u>

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 CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Year ended December 31, 2022
Cash flows from operating activities	
Change in net assets	(312,999)
Adjustments for:	
Depreciation	60,739
Changes in working capital:	
Changes in accounts receivable - related parties	263,742
Changes in accounts payable	(42,738)
Changes in credit cards	11,658
Changes in other liabilities	(6,251)
Changes in payroll liabilities	(649)
	(26,498)
Net cash provided by operating activities	(26,498)
Cash flows from investing activities	
Purchase of property and equipment	(29,655)
	(29,655)
Net cash used in investing activities	(29,655)
Net cash flow during the year	(56,153)
CASH - START OF THE YEAR	1,323,525
CASH - END OF THE YEAR	1,267,372

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, 2022**

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.

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 2020.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment of the Organization as of December 31, 2022 were as follows:

	December 31, 2022
Computer equipment	257,678
Camera equipment	215,545
Lighting & grip equipment	1,523
Less: accumulated depreciation	<u>(333,817)</u>
	<u><u>140,929</u></u>

Depreciation expenses for the year ended December 31, 2022 were \$60,739.

NOTE 5: RELATED PARTY TRANSACTIONS

Accounts receivable from the related party – The OPS Foundation and its subsidiaries – as of December 31, 2022 amounted to \$57,764.

Film production fees received from The OPS Foundation and its subsidiaries during the year ended December 31, 2022 amounted to \$595,345.

NOTE 6: EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 10, 2023, the date on which the financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2022 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 June 10, 2023.