OCEANIC SOCIETY EXPEDITIONS

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

(with comparative totals for 2023)

F.S. Taylor & Associates, P.C.
Certified Public Accountants
1420 N Street, N.W., Suite 100
Washington, D.C. 20005
(202) 898-0008

OCEANIC SOCIETY EXPEDITIONS

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024
(with comparative totals for 2023)

OCEANIC SOCIETY EXPEDITIONS
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024 (with comparative totals for 2023)

TABLE OF CONTENTS

F. S. TAYLOR & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

1420 N Street, N.W., Suite 100 / Washington, D.C. 20005 / 202/898-0008 Fax 202/898-0208

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Oceanic Society Expeditions

Opinion

We have audited the accompanying financial statements of Oceanic Society Expeditions, ("Oceanic Society"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, 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 Oceanic Society as of June 30, 2024, and the changes in 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. 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 Oceanic Society 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 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 consolidated 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 Oceanic Society's 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. 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, including omissions, 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the 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 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 Oceanic Society'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 financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Oceanic Society'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.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis-of-Matter Paragraph – Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, effective July 1, 2022, Oceanic Society Expeditions has adopted Accounting Standards Update 2016-02, Leases (Topic 842), which supersedes existing accounting standards for leases and requires lessees to recognize right-of-use lease assets and corresponding lease liabilities on the Statement of Financial Position for all operating and finance leases with lease terms greater than one year. Our opinion is not modified in respect to this matter.

Report on Summarized Comparative Information

We have previously audited Oceanic Society's 2023 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 31, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

F. S. Taylor & Associates, P.C.

November 5, 2024

OCEANIC SOCIETY EXPEDITIONS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,284,794	$ 2,128,721
Prepaid expenses	368,130	351,292
Accounts receivable	46,667	
Inventory	23	23
Total current assets	2,699,614	2,480,036
Property and equipment, net (Note 3)	4,659	2,692
Total assets	$ 2,704,273	$ 2,482,728
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 36,196	$ 23,821
Accrued expenses	78,207	78,545
Deferred compensation (Note 4)		60,000
Deferred revenues (Note 4)	1,048,050	1,081,342
Total current liabilities	1,162,453	1,243,708
Total liabilities	1,162,453	1,243,708
Net assets:		
Without donor restrictions	1,541,820	1,239,020
Total liabilities and net assets	$ 2,704,273	$ 2,482,728

OCEANIC SOCIETY EXPEDITIONS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024 Without Donor Restrictions	2023 Without Donor Restrictions
OPERATING REVENUES, GAINS AND OTHER SUPPORT		
Contributions	$ 473,323	$ 341,715
Grants	597,689	439,479
Expeditions	2,722,835	2,844,722
Product sales	385	574
Other revenue	51,129	281,326
In-kind revenue	207,866	175,641
Total support and revenue	4,053,227	4,083,457
OPERATING EXPENSES		
Program services:		
Research and program services	689,953	647,631
Expeditions	2,247,061	2,327,673
Whale watching	440,439	366,003
Total program services	3,377,453	3,341,307
Supporting services:		
Management and general	25,676	39,036
Fundraising and development	347,298	308,759
Total supporting services	372,974	347,795
Total expenses	3,750,427	3,689,102
Increase in net assets	302,800	394,355
Net assets, beginning of year	1,239,020	844,665
Net assets, end of year	$ 1,541,820	$ 1,239,020

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

OCEANIC SOCIETY EXPEDITIONS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024 (with comparative totals for 2023)

	2024								
	PROGRAM SERVICES				SUPPORTING SERVICES				
	Research and Program Services	International Expeditions	Whale Watching	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	Total	2023 Total
Salaries	$ 393,302	$ 348,954	$ 157,012	$ 899,268	$ 10,176	$ 103,570	$ 113,746	$ 1,013,014	$ 909,381
Fringe benefits	45,604	41,399	15,414	102,417	1,214	13,487	14,701	117,118	107,069
Bank/merchant fees	55	40,276	9,132	49,463	4,337		4,337	53,800	66,547
Donation	35,430	6,225		41,655	3,200		3,200	44,855	67,085
Merchandise			789	789	183		183	972	293
Program cost		1,688,869		1,688,869			-	1,688,869	1,815,529
Boat expense/dock fees	42,817		230,068	272,885			-	272,885	185,954
Naturalist	441	39,400		39,841			-	39,841	33,803
Contractors and consultants	37,632	30,657	7,447	75,736	980	60	1,040	76,776	143,390
Accounting contractor/consultants	5,109	4,466	1,703	11,278	250	1,572	1,822	13,100	11,885
Telephone/Internet-Web	11,803	10,217	4,237	26,257	413	1,251	1,664	27,921	29,054
Occupancy	7,978	6,080	2,747	16,805	54	1,287	1,341	18,146	16,940
Advertising and promotion	4,372	3,059	1,359	8,790			-	8,790	8,598
Permits/licenses	190	140	20	350	35		35	385	350
Office and project supplies	4,192	362	1,688	6,242	843	457	1,300	7,542	13,334
Printing and design services	39,068	3,000	83	42,151	147		147	42,298	19,033
Insurance	2,937	4,848	2,359	10,144	500	924	1,424	11,568	11,275
Food	563	447	234	1,244	242	230	472	1,716	2,081
Travel	50,817	11,904	3,732	66,453	1,609	12,096	13,705	80,158	42,072
Depreciation	936	790	312	2,038	15	183	198	2,236	2,836
Dues fees and subscriptions	2,884	3,523	777	7,184	245	3,243	3,488	10,672	12,269
Other operating expenses	3,823	2,445	1,326	7,594	1,233	1,073	2,306	9,900	14,683
In-kind donation				-		207,865	207,865	207,865	175,641
Total	$ 689,953	$ 2,247,061	$ 440,439	$ 3,377,453	$ 25,676	$ 347,298	$ 372,974	$ 3,750,427	$ 3,689,102

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

OCEANIC SOCIETY EXPEDITIONS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 302,800	$ 394,355
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Amortization and depreciation	2,236	2,836
(Increase) Decrease in operating assets:		
Prepaid expenses	(16,838)	112,978
Accounts receivable	(46,667)	
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	12,037	(5,091)
Deferred compensation	(60,000)	
Deferred revenue	(33,292)	(36,852)
Net cash (used in) provided by operating activities	160,276	468,226
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets	(4,203)	
Net cash provided by (used in) financing activities	(4,203)	-
Net increase in cash and cash equivalents	156,073	468,226
Cash and cash equivalents, beginning of year	2,128,721	1,660,495
Cash and cash equivalents, end of year	$ 2,284,794	$ 2,128,721
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ -	$ -

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

OCEANIC SOCIETY EXPEDITIONS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 -- ORGANIZATION

Oceanic Society Expeditions ("Oceanic Society"), a non-profit organization, was formed in 1969 as the first non-profit organization in America dedicated to marine conservation. Its mission was to bring greater public awareness and political action to issues of ocean health and to grow the global community of people working toward improved ocean stewardship. In 1989, Oceanic Society Expeditions decided to merge with Environmental Policy Institute, which then merged with Friends of the Earth in 1991. In 1995, current and former staff of Oceanic Society negotiated with Friends of the Earth to revive and reincorporate Oceanic Society Expeditions as its own non-profit to focus specifically on pursuing ocean conservation through travel. Its new mission is to improve ocean health by deepening the connections between people and nature to address the root cause of its decline-human behavior. It is exempt under Internal Revenue Service code 501 (C) (3).

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – Oceanic Society prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses are recorded when incurred.

Financial Statement Presentation – Oceanic Society reports its financial statements in accordance with FASB ASC 958. Under FASB ASC 958, financial statements are required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of the two net asset categories follows:

- Without donor restrictions – the portion of the net assets that is not subject to donor-imposed restrictions. Within net assets without donor restrictions are board-designated net assets. These are net assets without donor restrictions but are subject to self-imposed limits by action of the governing board, which could include amounts earmarked for future programs, investment, contingencies, purchase of fixed assets, or other uses.

- With donor restrictions – the portion of the net assets that is subject to donor-imposed restrictions including endowment funds for which principal amounts are held in perpetuity. On June 30, 2024, Oceanic Society did not have net assets with donor restrictions.

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Income taxes – Oceanic Society is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code (Code). It is also exempt from state income taxes in the District of Columbia. Oceanic Society has adopted the accounting for uncertainty in income taxes as required by *Income Taxes (Topic 74)* of the FASB Accounting Standards Codification. Oceanic Society has analyzed its position and has concluded that no liability for unrecognized tax benefits should be recorded related to any uncertain tax provision.

Cash and cash equivalents – For the purpose of presentation in Oceanic Society's statement of cash flows, cash equivalents are short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near to maturity that they represent insignificant risk of changes in value due to changing interest rates, typically with original maturities of less than 90 days.

Financial instruments – Management of Oceanic Society believes the carrying amount of its financial instruments approximates fair value.

Property and equipment – Purchased property and equipment are stated at cost. Donated property and equipment are stated at fair market value at the time of donation. Oceanic Society used the straight-line method of depreciation over the estimated useful lives of the assets ranging from five years for furniture and equipment to thirty years for real property. Assets which cost in excess of $500 are capitalized.

Contributions – Contributions are recorded when awarded or pledged and classified as unrestricted or temporarily restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted contributions whose restrictions are fulfilled in the same period are recorded as unrestricted support in the statement of activities. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contracts and grants – Contracts and grants receivable at fiscal year-end represent amounts earned but not received from the funding source; refundable advances represent amounts of the grant or contract received but not yet earned.

Bad debt expense – Accounts receivable is recorded at the amount management expects to collect on balances outstanding at year end. Management closely monitors balances and writes off, as of year-end, any balances that are considered to be uncollectible. Oceanic Society uses the direct write-off method of accounting for uncollectible accounts receivable.

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Donated services and facilities – Oceanic Society receives substantial amounts of services contributed by the Board and others as well as contributed materials used toward the fulfillment of program objectives which have not been recorded in these financial statements.

Functional allocation of expenses – The costs of providing services to the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains, expenses and losses during the reporting period. Actual results could differ from those estimates.

Subsequent events – In preparing these financial statements, the management of Oceanic Society evaluated events and transactions that occurred after June 30, 2024, for potential recognition or disclosure in the financial statements. These events and transactions were evaluated through November 5, 2024, the date that the financial statements were available to be issued.

Reclassification – Certain amounts from the prior year have been reclassified to conform to the current year's financial presentation.

Liquidity and availability – The following table reflects Oceanic Society's financial assets as of June 30, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year.

	2024	2023
Cash	$ 1,015,609	$ 767,377
Cash-Restricted	576,531	693,055
Certificate of deposit	692,654	668,289
Financial assets available to meet cash needs for general expenditures within one year	$ 2,284,794	$ 2,128,721

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Recently Adopted Accounting Pronouncements – **ASU 2016-02** - In February 2016, the Financial Accounting Standards Board (FASB) issued *Accounting Standards Update 2016-02, Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the Statement of Financial Position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

On July 1, 2022, Oceanic Society Expeditions adopted the provisions of ASC 842, using the modified retrospective adoption method. In addition, Oceanic Society utilized the simplified transition option available in ASC 842, which allows entities to continue to apply the legacy guidance in ASC 840, including its disclosure requirements, in the comparative periods presented in the year of adoption.

Upon adoption of ASC 842, Oceanic Society elected the transitional package of practical expedients that allow an entity to not reassess (1) whether any expired or existing contracts contain a lease, (2) the lease classification of any expired or existing lease, and (3) initial direct costs for any existing lease, and the use of hindsight in determining the lease term. In addition, Oceanic Society elected to not record a lease liability and corresponding right of use asset for leases with terms of 12 months or less, and to account for lease and non-lease components as a single lease component.

NOTE 3 -- PROPERTY AND EQUIPMENT

Property and equipment consisted of the following on June 30:

	2024	2023
Computer and software	$ 14,629	$ 14,629
Furniture/equipment	8,345	4,142
	22,974	18,771
Less: Accumulated depreciation	(18,315)	(16,079)
Property and equipment, net	$ 4,659	$ 2,692

Depreciation expenses as of June 30, 2024 and 2023 were $2,236 and $2,836, respectively.

OCEANIC SOCIETY EXPEDITIONS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 -- DEFERRED REVENUE

Deferred revenue

On June 30, 2024 and 2023, there were deferred revenue of $1,048,050 and $1,081,342, respectively, from the organization's future planned activities.

Deferred compensation

On June 30, 2024 and 2023, there were deferred compensation of $-0- and $60,000 respectively, from compensation owed to an officer of the organization.