OCEANIC SOCIETY EXPEDITIONS

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025
(with comparative totals for 2024)

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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, 2025, 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, 2025, 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, it 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 2024 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 5, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

October 23, 2025

OCEANIC SOCIETY EXPEDITIONS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,068,769	$ 2,284,794
Prepaid expenses	442,105	368,130
Accounts receivable	17,165	46,667
Inventory	507	23
Total current assets	3,528,546	2,699,614
Property and equipment, net (Note 3)	6,985	4,659
Total assets	$ 3,535,531	$ 2,704,273
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 119,602	$ 36,196
Accrued expenses	88,355	78,207
Deferred revenues (Note 4)	1,404,165	1,048,050
Total current liabilities	1,612,122	1,162,453
Total liabilities	1,612,122	1,162,453
Net assets:		
Without donor restrictions	1,923,409	1,541,820
Total liabilities and net assets	$ 3,535,531	$ 2,704,273

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

OCEANIC SOCIETY EXPEDITIONS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025 Without Donor Restrictions	2024 Without Donor Restrictions
OPERATING REVENUES, GAINS AND OTHER SUPPORT		
Contributions	$ 327,770	$ 473,323
Grants	651,738	597,689
Expeditions	3,604,409	2,722,835
Product sales	2,809	385
Other revenue	64,257	51,129
In-kind revenue	244,387	207,866
Total support and revenue	4,895,370	4,053,227
OPERATING EXPENSES		
Program services:		
Research and program services	673,926	689,953
Expeditions	2,897,500	2,247,061
Whale watching	450,180	440,439
Total program services	4,021,605	3,377,453
Supporting services:		
Management and general	73,274	25,676
Fundraising and development	418,902	347,298
Total supporting services	492,176	372,974
Total expenses	4,513,781	3,750,427
Increase in net assets	381,589	302,800
Net assets, beginning of year	1,541,820	1,239,020
Net assets, end of year	$ 1,923,409	$ 1,541,820

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

OCEANIC SOCIETY EXPEDITIONS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025 (with comparative totals for 2024)

	2025								
	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	2024 Total
Salaries	$ 369,544	$ 377,030	$ 154,372	$ 900,946	$ 49,863	$ 141,030	$ 190,894	$ 1,091,840	$ 1,013,014
Fringe benefits	45,169	45,747	16,546	107,462	5,084	15,247	20,331	127,792	117,118
Bank/merchant fees	172	56,286	10,478	66,936	4,255	533	4,788	71,724	53,800
Donation	43,000	13,280		56,280	3,100		3,100	59,380	44,855
Merchandise			433	433	1,320		1,320	1,753	972
Program cost		2,255,874		2,255,874			-	2,255,874	1,688,869
Boat expense/dock fees	31,068		238,924	269,992			-	269,992	272,885
Naturalist		46,630		46,630			-	46,630	39,841
Contractors and consultants	54,018	29,594	10,178	93,790	16	48	64	93,854	76,776
Accounting contractor/consultants	3,500	3,600	1,300	8,400	400	1,200	1,600	10,000	13,100
Telephone/Internet-Web	21,366	19,232	6,525	47,122	2,384	7,981	10,365	57,487	27,921
Occupancy	6,125	6,417	2,450	14,991	700	2,354	3,054	18,045	18,146
Advertising and promotion	5,465	4,613	2,147	12,224	76	228	304	12,528	8,790
Permits/licenses				-	5		5	5	385
Office and project supplies	3,376	426	148	3,949	1,415	400	1,815	5,764	7,542
Printing and design services	35,749	11,635	114	47,498			-	47,498	42,298
Insurance	2,207	5,571	1,920	9,698	252	914	1,166	10,864	11,568
Food	393	56	47	496	773	419	1,191	1,687	1,716
Travel	42,394	3,183	2,168	47,746	63	2,199	2,262	50,007	80,158
Depreciation	766	788	285	1,839	88	263	350	2,190	2,236
Dues fees and subscriptions	4,312	9,777	1,766	15,855	1,303	1,075	2,378	18,233	10,672
Other operating expenses	1,696	7,762	380	9,838	2,178	625	2,803	12,641	9,900
Loss on asset disposal	3,607			3,607			-	3,607	
In-kind donation				-		244,387	244,387	244,387	207,865
Total	$ 673,926	$ 2,897,500	$ 450,179	$ 4,021,605	$ 73,274	$ 418,902	$ 492,176	$ 4,513,781	$ 3,750,427

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

OCEANIC SOCIETY EXPEDITIONS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2025

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 381,589	$ 302,800
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Amortization and depreciation	2,190	2,236
(Increase) Decrease in operating assets:		
Prepaid expenses	(73,975)	(16,838)
Accounts receivable	29,502	(46,667)
Inventory	(484)	
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	93,555	12,037
Deferred compensation		(60,000)
Deferred revenue	356,115	(33,292)
Net cash (used in) provided by operating activities	788,492	160,276
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets	(4,517)	(4,203)
Net cash provided by (used in) financing activities	(4,517)	(4,203)
Net increase in cash and cash equivalents	783,975	156,073
Cash and cash equivalents, beginning of year	2,284,794	2,128,721
Cash and cash equivalents, end of year	$ 3,068,769	$ 2,284,794
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ -	$ -

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS.

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, 2025, 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, 2025, for potential recognition or disclosure in the financial statements. These events and transactions were evaluated through October 23, 2025, 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, 2025 and 2024, reduced by amounts that are not available to meet general expenditures within one year.

	2025	2024
Cash	$ 1,500,650	$ 1,015,609
Cash-Restricted	845,978	576,531
Certificate of deposit	722,141	692,654
Financial assets available to meet cash needs for general expenditures within one year	$ 3,068,769	$ 2,284,794

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:

	2025	2024
Computer and software	$ 19,381	$ 14,629
Furniture/equipment	8,345	8,345
	27,726	22,974
Less: Accumulated depreciation	(20,505)	(18,315)
Property and equipment, net	$ 7,221	$ 4,659

Depreciation expenses as of June 30, 2025 and 2024 were $2,190 and $2,236, respectively.

NOTE 4 -- DEFERRED REVENUE

Deferred revenue

On June 30, 2025 and 2024, there were deferred revenue of $1,404,165 and $1,048,050, respectively, from the organization's future planned activities.