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# OCEANIC PRESERVATION SOCIETY

(NON-PROFIT ORGANIZATION)

**Financial Statements**

for the year ended December 31, 2020

# OCEANIC PRESERVATION SOCIETY

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### INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Oceanic Preservation Society  
Greenbrae, CA**

We have audited the accompanying financial statements of the Oceanic Preservation Society (a non-profit organization), which comprise the statement of assets, liabilities, and net assets as of December 31, 2020, and the related statements of support, revenue, expenses, and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

#### **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.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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.

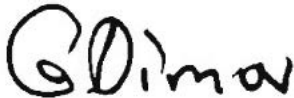
An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Oceanic Preservation Society (a non-profit organization) as of December 31, 2020, and its support, revenue, expenses, and changes 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.

Sincerely,

A handwritten signature in black ink that reads "G Dimov". The "G" is large and stylized, with a loop at the top. The "Dimov" is written in a cursive, slightly slanted font.

George Dimov, CPA  
New York, NY  
July 22, 2022

**dimov**

*GEORGE DIMOV CPA*

**OCEANIC PRESERVATION SOCIETY  
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS  
AS OF DECEMBER 31, 2020**

	<b>December 31, 2020</b>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	1,220,742
Accounts receivable - related party (Note 5)	456,215
<b>Total Current Assets</b>	<b>1,676,957</b>
<b>Non-current assets</b>	
Property and equipment (Note 3)	182,281
<b>Total non-current assets</b>	<b>182,281</b>
<b>TOTAL ASSETS</b>	<b>1,859,238</b>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>Current liabilities</b>	
Accounts payable	33,208
PPP Loan (Note 4)	45,065
Related party loans (Note 5)	222,141
Payroll liabilities	151,856
<b>Total current liabilities</b>	<b>452,270</b>
<b>Unrestricted net assets</b>	<b>1,406,968</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,859,238</b>

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 CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Year ended December 31, 2020</b>
<b>Unrestricted revenues and support</b>	
Contributions and grants received	1,699,168
Reimbursement from OPS Foundation for film productions (Note 5)	493,163
Production fees	129,651
Domestic sales	6,782
Other revenue and support	<u>111,812</u>
<b>Total revenues and support</b>	<b><u>2,440,576</u></b>
<b>Expenses</b>	
Management and general expenses	(556,502)
Program services and expenses	<u>(435,318)</u>
<b>Total expenses</b>	<b><u>(991,820)</u></b>
<b>CHANGE IN NET ASSETS FOR THE YEAR</b>	<b><u><u>1,448,756</u></u></b>
<b>NET ASSETS, START OF THE YEAR</b>	<b><u><u>(41,788)</u></u></b>
<b>NET ASSETS, END OF THE YEAR</b>	<b><u><u>1,406,968</u></u></b>

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**OCEANIC PRESERVATION SOCIETY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program services and expenses	Management and general expenses	Total expenses (2020)
<b>EXPENSES</b>			
Salaries and Wages	296,498	373,652	670,150
Rent	-	104,908	104,908
Depreciation (Note 3)	51,833	-	51,833
Insurance	14,264	37,360	51,624
Grant Expenses	30,960	-	30,960
Website	-	20,819	20,819
Travel	20,269	-	20,269
Advertisement and marketing	11,876	-	11,876
Production and post production	6,671	-	6,671
Legal and other professional fees	-	6,035	6,035
Software	-	5,950	5,950
Repairs and maintenance	-	4,788	4,788
Telephone	-	1,828	1,828
Other	2,947	1,162	4,109
<b>TOTAL EXPENSES</b>	<b><u>435,318</u></b>	<b><u>556,502</u></b>	<b><u>991,820</u></b>

The accompanying notes are an integral part of these financial statements.  
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**OCEANIC PRESERVATION SOCIETY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Year ended  
December 31,  
2020**

**Cash flows from operating activities**

Change in net assets 1,448,756

Adjustments for:

Depreciation	51,833
Changes in accounts receivable - related parties	970
Changes in accounts payable	(113,894)
Changes in payroll liabilities	(5,504)
	(5,504)

**Net cash provided by operating activities** **1,382,161**

**Cash flows from investing activities**

Purchase of property and equipment (194,655)

**Net cash used by investing activities** **(194,655)**

**Cash flows from financing activities**

Proceeds from PPP Loan (Note 4)	45,065
Repayment of related party loan	(42,105)
	(42,105)

**Net cash provided by financing activities** **2,960**

**Net cash flow during the year** **1,190,466**

**CASH - START OF THE YEAR** **30,276**

**CASH - END OF THE YEAR** **1,220,742**

**Supplemental disclosures of cash flow information**

Interest paid	(107)
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, 2020**

**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**

**Statement of Compliance**

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. These financial statements are presented in US Dollars, unless otherwise indicated. These financial statements have been prepared under the historical cost convention, except for the evaluation of certain financial instruments carried at fair value.

**Basis of Presentation**

Financial Statement presentation follows the presentation requirements of Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117 the Organization is required to report information regarding its combined financial position and activities according to three classes of net assets; permanently restricted, temporarily restricted or unrestricted

**Unrestricted, Temporarily Restricted or Permanently Restricted Net Assets**

<i>Unrestricted Net Assets</i>	Consist of resources available without restriction for the various programs and administration of the organization.
<i>Temporarily Restricted Net Assets</i>	Net assets subject to donor imposed stipulations that may or will be satisfied through the actions of the Organization and/or the passage of time.
<i>Permanently Restricted Net Assets</i>	Net assets subject to donor imposed stipulations that the Organization permanently maintain certain contributed assets. Permanent restrictions do not pass with the expiration of time, nor can they be removed through the Organization's actions.

## **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 88% (\$1,500,000) of the total contribution received by the Organization during the year ended December 31, 2020.

## **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 2018.

### NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment of the Organization as of December 31, 2020 were as follows:

	<b>December 31, 2020</b>
Computer equipment	216,263
Camera equipment	161,336
Lighting & grip equipment	1,524
Less: accumulated depreciation	<u>(196,842)</u>
	<u><u>182,281</u></u>

Depreciation expenses for the year ended December 31, 2020 were \$51,833.

### NOTE 4: PPP LOAN

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 loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over 5 (five) years at an interest rate of 1%. The Organization intends to use the proceeds for purposes consistent with the PPP.

### NOTE 5: RELATED PARTY TRANSACTIONS

Accounts receivable from the related party – The OPS Foundation and its subsidiaries – as of December 31, 2020 amounted to \$456,215.

Related party loan received from a related party – Psihoyos Photography – amounted to \$222,141 as of December 31, 2020.

Revenue share distributions received from The OPS Foundation and its subsidiaries during the year ended December 31, 2020 amounted to \$114,651.

Film production fees received from The OPS Foundation and its subsidiaries during the year ended December 31, 2020 amounted to \$493,163.

**NOTE 6: EVALUATION OF SUBSEQUENT EVENTS**

Management has evaluated subsequent events through July 22, 2022, the date on which the financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2020 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 July 22, 2022.