Ocean Alliance, Inc.

Financial Statements

June 30, 2024

Ocean Alliance, Inc.

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June 30, 2024

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FRITZ DEGUGLIELMO LLC
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Ocean Alliance, Inc.

Opinion

We have audited the accompanying financial statements of Ocean Alliance, Inc. (a nonprofit organization), 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 Ocean Alliance, Inc. 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 Ocean Alliance, Inc. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Ocean Alliance, Inc.'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 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 Ocean Alliance, Inc.'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 Ocean Alliance, Inc.'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.

Report on Summarized Comparative Information

We have previously audited Ocean Alliance, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 17, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of program support, revenue and expenses on pages 16 to 17 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Certified Public Accountants

Newburyport, Massachusetts
May 7, 2025

Ocean Alliance, Inc.
Statement of Financial Position
June 30, 2024
(with summarized comparative information as of June 30, 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	$ 683,105	$ 777,560
Investments	449,983	618,073
Account receivable	6,484	81,480
Prepaid expenses	20,201	19,561
Merchandise inventory	2,789	4,022
Depreciable property and equipment, net	1,428,789	1,351,381
Non-depreciable assets	3,254,642	3,159,972
Other assets	460	460
Total Assets	$ 5,846,453	$ 6,012,509
LIABILITIES AND NET ASSETS		
Accounts payable	$ 55,803	$ 52,044
Payroll taxes payable	12,048	13,453
Accrued expenses	20,707	20,707
Loans payable, net of $7,258 and $8,577 of unamortized debt issuance costs, respectively	122,855	142,779
Total Liabilities	211,413	228,983
Net Assets		
Without donor restrictions	5,463,669	5,498,526
With donor restrictions	171,371	285,000
Total Net Assets	5,635,040	5,783,526
Total Liabilities and Net Assets	$ 5,846,453	$ 6,012,509

See independent auditor's report and accompanying notes to financial statements

Ocean Alliance, Inc.
Statement of Activities
For the year ended June 30, 2024
(with summarized comparative information for the year ended June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Support and Revenue				
Foundations and grants	$ 209,090	$ 116,672	$ 325,762	$ 718,605
Contributions	378,265	-	378,265	666,738
Program service fees	55,418	-	55,418	81,736
Donated assets and services	4,837	-	4,837	60,074
Miscellaneous income	54,578	-	54,578	57,559
Investment income	17,115	-	17,115	8,568
Realized gain on investments	86,753		86,753	15,971
Unrealized gain/(losses) on investments	(36,401)	-	(36,401)	201,491
Net Assets Released from Restrictions:				
Satisfaction of donor restrictions	230,301	(230,301)	-	-
	999,956	(113,629)	886,327	1,810,742
Expenses				
Program Services				
Voyage of the Odyssey/Cachalot	37,701	-	37,701	127,375
Right whale research	82,608	-	82,608	17,600
SnotBot & drones for whale research	350,337	-	350,337	250,020
Education and conservation	293,316	-	293,316	227,348
Total Program Services	763,962	-	763,962	622,343
Support Services				
Management and general	96,700	-	96,700	92,597
Fundraising	45,134	-	45,134	44,800
Total Support Services	141,834	-	141,834	137,397
Total Expenses before Depreciation	905,796	-	905,796	759,740
Depreciation	129,017	-	129,017	114,319
Change in Net Assets	(34,857)	(113,629)	(148,486)	936,683
Net Assets – Beginning of Year	5,498,526	285,000	5,783,526	4,846,843
Net Assets – End of Year	$ 5,463,669	$ 171,371	$5,635,040	$5,783,526

See independent auditor's report and accompanying notes to financial statements

Ocean Alliance, Inc.
Statement of Functional Expenses
For the year ended June 30, 2024
(with summarized comparative information for the year ended June 30, 2023)

	Program Services	Management and General	Fundraising	Total 2024	Total 2023
Personnel	$ 277,895	$ 42,320	$ 13,600	$ 333,815	$ 334,477
Payroll taxes/benefits	46,091	5,271	2,775	54,137	58,421
Professional services	176,157	19,833	14,408	210,398	153,360
Advertising	350	-	-	350	524
Bank charges	633	3,789	-	4,422	3,791
Fundraising expense	-	-	9,027	9,027	2,562
Grant expense	50,000	-	-	50,000	-
Insurance	33,968	11,615	393	45,976	37,753
Interest	6,072	-	-	6,072	6,763
Miscellaneous	1,776	3,408	4,175	9,359	8,729
Office expense	614	3,390	-	4,004	4,667
Permits and other fees	2,938	-	-	2,938	1,309
Postage and shipping	2,424	1,631	273	4,328	3,272
Printing	-	843	-	843	2,705
Program expense	62,193	-	-	62,193	46,075
Repairs and maintenance	48,141	378	270	48,789	32,475
Storage	-	-	-	-	21
Telecommunications	3,526	193	193	3,912	4,169
Training	790	200	20	1,010	571
Travel	43,046	1,938	-	44,984	48,700
Utilities	7,348	371	-	7,719	8,424
Website maintenance	-	1,520	-	1,520	972
Total Expenses before Depreciation	763,962	96,700	45,134	905,796	759,740
Depreciation	126,511	2,506	-	129,017	114,319
Total	$ 890,473	$ 99,206	$ 45,134	$ 1,034,813	$ 874,059

See independent auditor's report and accompanying notes to financial statements

Ocean Alliance, Inc.
Statement of Cash Flows
For the year ended June 30, 2024
(with summarized comparative information for the year ended June 30, 2023)

	2024	2023
Operating Activities		
Change in net assets	$ (148,486)	$ 936,683
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	129,017	114,319
Loan fee amortization included in interest expense	1,319	1,319
Net realized gain on investments	(86,753)	(15,971)
Net unrealized (gain)/losses on investments	36,401	(201,491)
Donated assets	(3,999)	(15,299)
Forgiven liabilities	-	(12,911)
Donated stock	(11,344)	(498,518)
Change in operating assets:		
Accounts receivable	74,996	(76,480)
Grant and pledge receivables	-	42,566
ERTC receivable	-	75,210
Prepaid expenses	(640)	(4,446)
Merchandise inventory	1,233	-
Accounts payable	3,759	376
Payroll taxes payable	(1,405)	258
Accrued expenses	-	(43,059)
Net Cash Provided by (Used in) Operating Activities	(5,902)	302,556
Investing Activities		
Proceeds from sale of investments	229,786	99,319
Purchases of property and equipment	(297,096)	(209,901)
Net Cash Used in Investing Activities	(67,310)	(110,582)
Financing Activities		
Payments on loans payable	(21,243)	(20,552)
Net Cash Used in Financing Activities	(21,243)	(20,552)
Net increase in cash and cash equivalents	(94,455)	171,422
Cash and cash equivalents, beginning of year	777,560	606,138
Cash and cash equivalents, end of year	$ 683,105	$ 777,560
Supplemental Data:		
Taxes paid	$ -	$ -
Interest paid	$ 4,753	$ 5,444

See independent auditor's report and accompanying notes to financial statements

NOTE A – ORGANIZATION

Ocean Alliance, Inc., is a 501(c)(3) not-for-profit Organization, founded in 1971. Ocean Alliance's mission is to protect whales and their ocean environment through research, scientific collaboration, public education, and the arts. Led by CEO Dr. Iain Kerr, we work with our scientific partners to collect a broad spectrum of data on whales and ocean life. Ocean Alliance uses this data to advise educators, policy makers, and the general public on wise stewardship of the oceans to mitigate pollution, prevent the collapse of marine mammal populations, and promote ocean and human health.

Ocean Alliance: Strategic Overview

To effectively carry out its mission, Ocean Alliance focuses efforts on three strategic priorities. These are:

1) Whale and Ocean Research

a. Conducting ongoing, targeted research expeditions focused on whale health and ocean pollution from our headquarters in Gloucester MA, our research station in Argentina and worldwide where our research is needed most.
b. Through the development and application of drone-based tools such as SnotBot and drone-based tagging to study whales non-invasively and sharing these tools with other researchers.
c. Responding quickly to crises related to marine mammal and ocean health (such as our response to the 2010 Gulf oil spill).
d. Establishing and maintaining key scientific collaborations and partnerships, such as Ocean Alliance's current partnership with the Wise Laboratory of Environmental and Genetic Toxicology, the Seger Laboratory at the University of Utah, SCRIPPS, Woods Hole Oceanographic Institution, Oregon State University, the University of Alaska Fairbanks, NOAA, Syracuse University and Gloucester Marine Genomics Institute.

2) Science Communications for Social Impact

a. Developing informational tools based on Ocean Alliance's historical and current research findings for use by our scientific and non-profit partners, educators, policy makers, risk managers and others concerned about the health of the world's oceans and their connection to human health.
b. Serving as an objective, experienced "voice of reason" regarding issues related to whale and ocean health by forming hypotheses based on data collected through rigorous scientific research.
c. Distributing the results of Ocean Alliance research to the general public through communications platforms including the press, scientific journals, social media outlets (e.g. Facebook, Twitter, Instagram) and through our own and our research partners' websites.
d. Distributing the results of Ocean Alliance research findings to the public through speaking engagements, such as the United Nations, Parley for the Oceans and TED talks and through televised media productions with SKY, National Geographic, the BBC, and online streaming networks such as WaterBear.

3) Public Education

a. Developing STEAM education initiatives through our Education program, partnerships with local academic institutions, and local art organizations. Providing unique opportunities and practical skill sets which will be extremely relevant in the workplaces of tomorrow in areas such as robotics, programming, computing, engineering, and conservation science for free to youths in a low-income area.
b. Whale curriculum development for grades 6-8 based on the multimedia content from both past and current science research expeditions, correlated to the Next Generation Science Standards for educators and youth.
c. Developing and distributing multimedia educational content for general audiences via key partnerships with educational institutions worldwide including aquaria, zoos, museums, nature centers, Ocean Alliance's website, and through in-person learning at our headquarters based in Gloucester, Massachusetts.

NOTE A – ORGANIZATION *(continued)*

d. Ongoing restoration and development of Ocean Alliance's 24,000 sq. ft. oceanographic research, education and innovation center on the Gloucester, MA, harbor. The complex already houses robotics laboratory spaces, dedicated classroom and community spaces for local/regional groups and partners and provides public access to the waterfront.

Oceanographic Research, Education & Innovation Center: Ocean Alliance's New Home

On June 10, 2008, Ocean Alliance purchased—for preservation and restoration—the iconic Tarr and Wonson Paint Manufactory located at the entrance to the inner harbor of Gloucester, Massachusetts. The historic 1863 site is being restored as a publicly accessible oceanographic research, education and innovation center.

The waterfront complex stands at the tip of Rocky Neck, one of America's oldest art colonies. The charm of the factory's architecture has inspired generations of artists, who have come from around the world to paint it. For over a century, local fisherman used the factory's smokestack as a navigational guide. After being a vacant and polluted eyesore for over 30 years, the buildings are now Ocean Alliance's home and we hope a catalyst for change on the Gloucester waterfront.

Ocean Alliance moved its offices into the first set of the brick buildings on site in April 2013. Restoration of the second set of brick buildings (built in the 1870's) were completed in 2021.

The feasibility research has been completed and Ocean Alliance has begun to move forward with the plans to build an Ocean Innovation Center in the remaining soon to be restored buildings. When completed the Paint Factory Innovation Center will offer a state-of-the-art solution to an urgent community need of low-cost access to space and tools with direct water access. The Ocean Alliance headquarters also offers dockage for ocean going vessels and associated assets.

The strategic direction of Ocean Alliance is fulfilled through its successful programs in whale and ocean research, science communications and public education as described below.

NOTE B – PROGRAM SERVICES

Whales face more threats today than ever before, and these threats are increasing and intensifying. The IUCN lists 24 species of whale as either critically endangered, endangered, or vulnerable. Ocean Alliance looks to better understand anthropogenic threats facing whales and our oceans and how to mitigate them so that more species are not lost to extinction. We address these needs by both collecting data and facilitating science through the development of new tools and research protocols and public engagement.

For over 50 years Ocean Alliance has collected a vast amount of acoustic and audio-visual data. Ocean Alliance recognizes the ability of compelling multi-media to engage hearts and minds and connect people to whales and our oceans. When more of the public care about whales, this puts pressure on businesses to adopt more sustainable practices, and policymakers to introduce laws to protect these extraordinary animals.

Drones for Whale Research and Research Expeditions

1) Developing Benign Research Tools: 2012 –Today, Drones for Whale Research, SnotBot.

Our Drones for Whale Research (DFWR) program includes drone-based tools to collect non-invasive biological data on whales that inform us on both individual and population health. In addition, this program is helping to democratize whale science by providing practical protocols for using powerful yet inexpensive drone tools.

The biological data we collect includes DNA, hormones, and microbiomes through SnotBot®, a drone that collects respiratory samples. We have also developed a new drone-based methods to attach data tags to whales and to assist with whale disentanglement. This method has proven hugely successful and at present is dominating our research activities.

Other drone-based platforms collect bio-acoustics, body temperature, body condition and size, behavior and population distribution.

NOTE B – PROGRAM SERVICES *(continued)*

The program has unequivocally demonstrated that these tools can collect a wide variety of powerful, robust data sets-all at a relatively low price point, without disturbing the whales. This is crucial: the more researchers that can utilize these tools the better, particularly in the developing world where funding resources are scarce, yet the need is so great.

With the SnotBot program, we have demonstrated that priceless biological samples can be obtained from a whale in an entirely non-invasive manner. The SnotBot drone flies through the blow of a whale, collecting the biological information within which can be used to look at DNA, hormones, microbiomes, and potentially a number of other important indicators of the animal's ecology and health. SnotBot has now collected data from 10 species of whales in eight countries.

2) Past Odyssey Expeditions: 2010 – 2014

On April 20, 2010, the Deepwater Horizon oil rig exploded resulting in an uncontrolled release of oil into the Gulf of Mexico. Estimates now indicate that approximately 200 million gallons of oil were released. Superimposed on the threat of the oil: more than two million gallons of toxic chemical Corexit dispersants were intentionally pumped into the Gulf by BP to break up the oil. These chemicals were used in unprecedented amounts and in untested ways. In response to this unparalleled spill, Ocean Alliance immediately launched a Gulf of Mexico Expedition to collect baseline data to determine the potential short- and long-term effects on marine mammals of the oil spill and the massive deployment of Corexit, the toxic chemical dispersant. The data we collected are featured in published scientific papers and are consistently referenced in other publications and media.

3) Global Voyage of the Odyssey: 2000 – 2005

The goal of the global Voyage of the Odyssey was to collect baseline data on the distribution, concentrations and effects of environmental toxicants in the world's oceans. The RV Odyssey covered 87,000 nautical miles over 5 ½ years collecting the first-ever global data set on toxic contaminants. Our focus species was the Sperm whale because it sits atop of oceanic food chains and has a cosmopolitan global distribution. As this data ages it becomes more valuable enabling Ocean Alliance to put other pollution studies into context. Data from this expedition is still being analyzed and published today and are consistently cited in other publications and media.

Ocean Alliance's scientific partners on this endeavor include: our primary partners at the Wise Laboratory of Environmental and Genetic Toxicology, the University of Utah, Cornell University and Scripps Institution of Oceanography. These affiliations with some of the top oceanographic institutions in the world uniquely position us to address and understand the emerging toxicological threats to marine mammals.

4) Southern Right Whale Program

In 2024, Ocean Alliance celebrated the 53rd field season of our study of Southern right whales from the shores of Peninsula Valdez, Argentina. Since 1970 then, we have developed a uniquely detailed record of the life histories, distributions, and associations of over 2,000 individually known right whales. This database, which is extended by aerial surveys of the population each year, has become an invaluable tool for protecting the whales and their habitat. Ocean Alliance's Southern Right Whale Program also informs the study of the North Atlantic right whale, a critically endangered parallel species through comparative data and publications.

The Southern Right Whale Program is the longest continuous study of any great whale species based on known individuals, and it has created a context for discovery rarely encountered in field research that is unmatched by any other cetacean research initiative. It is widely recognized as one of (if not the) first modern whale research programs. At Peninsula Valdes Ocean Alliance scientists have pioneered many of the benign research techniques now used by cetacean researchers throughout the world.

NOTE B – PROGRAM SERVICES *(continued)*

Public Education

1) Education & Outreach

Ocean Alliance, due to its long history and reputation in the field, has the ability, capacity, and independence to inform policy with impartiality on a scientific level to ensure that issues of concern reach the level of policy and decision makers both in the United States and abroad. Our success in communicating our findings to benefit humanity depends on our ability to maintain a strong media presence through diverse communication channels including the press, social media outlets, the Ocean Alliance website, and partner online networks. Ocean Alliance has more than 54,000 followers on Facebook, more than 128,000 Instagram followers and an email list of over 1,500 individuals.

Whales in our oceans today face more threats than they have at any other point in history. Climate change, chemical pollution, noise pollution, bycatch/entanglement in fishing gear, ship strikes amongst the prime antagonists in a diversifying and intensifying list of pressures. Our job is to communicate the reality that whales are now faced with a new suite of destructive pressures and that it will require the engagement of our own species to ensure their longevity moving into the future.

We use our engaging multi-media and expertise to educate the public through a variety of media formats, events, and talks at educational institutions. We regularly engage with documentary film and TV teams, journalists, and share whale and ocean updates on our social media channels, email lists and offer educational programming virtually and at our headquarters.

Conservation Library

We completed, to a large extent, a physical and online conservation library to share data, publications and multi-media files from our over 50 years of whale research. This includes the digitization of whale acoustics from the 1950s to 1990s and thousands of photo identification photographs from our Southern Right Whale Program.

2) Scientific Publication

We believe that publishing the results of our work is crucial to ensuring our work has maximum impact and contributes to humanity's knowledge of whales. In 2023 we published four papers – two related to our drone-based tagging system, one looked at the distribution of sperm whales in the Indian Ocean, and one looked at viruses in humpback whales.

We also publish our work through other formal and informal means. Since our SnotBot program's inception in 2015, the Ocean Alliance team have given over 50 public talks on the program, which has also been featured in over 500 SnotBot press articles. CEO Iain Kerr spoke at two special events at the United Nations General Assembly in 2015 and 2017. In addition, we have presented many posters, abstracts and talks at various academic, technology and conservation conferences/events all across the world. Putting so much emphasis into communicating the results of our work has enabled us to reach people all over the world about what is happening to whales and how we can better protect them. We are working with scientific partners to write a series of publications from the SnotBot data, from papers which look at the reactions of whales to drones and how to minimize such reactions, methodology/protocol papers explaining how best to collect blow samples from whales, and of course analysis papers describing what researchers have found within the samples. Ocean Alliance authored and collaborated on four scientific posters at the 2019 World Marine Mammal Conference in Barcelona, Spain and presented four posters at the World Marine Mammal Conference in 2022.

Since the 2000-2005 Voyage of the Odyssey expedition, over 50 publications, abstracts and posters have been published on this one expedition alone, a five-year study of worldwide ocean pollution based on data collected from samples of sperm whale skin and blubber. The results were somewhat shocking (especially those related to chromium, a known human carcinogen) and have direct implications on the health of marine mammals and the health of human populations around the world-especially those that rely, in great part, on protein sources from the oceans (over a billion people). These results have played an important role in shaping the science communities understanding of pollutants in our oceans, particularly with an emphasis on heavy metals.

NOTE B – PROGRAM SERVICES *(continued)*

3) SnotBot Virtual Student Expeditions and Classroom Presentations

Our SnotBot expeditions, with the heavy emphasis on science communication give us unique 'teaching moments' for increasing science-based public education about the harmful effects of current human activities on ocean ecosystems, and what we can all do to alleviate these harmful effects.

The educational programming model is based on the successful, long-term programming Ocean Alliance developed and disseminated to the 118 ports in 22 countries visited by the Research Vessel Odyssey during the global Odyssey Expedition.

The Ocean Alliance education program builds on its history of developing engaging multimedia content resources. More recently, we have started developing a curriculum based on NGSS Next Generation Science Standards. The new curriculum focuses on equity in the classroom: accessible for groups often under-represented in the sciences: particularly minority students, new language learners, and girls in science. The curriculum includes a Virtual Whale Research Expedition component, where Ocean Alliance scientists and engineers will engage with students while on expedition across the globe.

Ocean Alliance hosts presentations and talks with students from live expeditions and discusses research taking place and answers questions from children around the world. Ocean Alliance also hosts STEM workshops at area schools giving students a chance to see and use real research tools such as drones, and scientific analysis equipment.

Summary

Over the past decade, Ocean Alliance and its supporters have invested millions of dollars and an abundance of intellectual and physical energy to make our programs successful. We continue to build and capitalize on these investments in order to extract the maximum understanding from the research and education content we have amassed and to broadly communicate our findings to educate, motivate, inspire and effect change. This has given us the opportunity to strategically build and expand our organizational capacity in order to continue our work in making the case for wise stewardship of the oceans to mitigate pollution, prevent the collapse of marine mammal populations and promote ocean and human health.

NOTE C – SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting
The financial statements of Ocean Alliance, Inc. have been prepared in accordance with accounting principles generally accepted in the United States of America, which involves the accrual method of accounting. Under that method, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

The Organization classifies net assets, revenues, gains and losses based on the existence or absence of donor or grantor-imposed restrictions. Consequently, net assets and changes therein are classified and reported as follows:

- Net Assets without donor restrictions represent the portion of net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Additionally, gains and investment income are treated as unrestricted revenue unless specifically restricted by the donor or by law.
- Net assets with donor restrictions represent the portion of net assets subject to donor (or certain grantor) imposed restrictions. Certain 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources to be maintained in perpetuity. Donor-imposed restrictions are released and are reclassified to net assets without donor restrictions when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources were restricted has been fulfilled, or both.

NOTE C – SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Ocean Alliance, Inc.'s audited financial statements for the year ended June 30, 2023, from which the summarized information was derived. Certain reclassifications have been made to the summarized information to be consistent with the presentation in the audited financial statements as of June 30, 2024.

Cash Equivalents
The Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable
Accounts receivable consist of program service revenue and miscellaneous income billed but not yet collected. All accounts receivable are considered collectible by management. There was a receivable balance as of June 30, 2024 of $6,484.

Merchandise Inventory
Merchandise inventory is stated at lower of cost or fair market value.

Property and Equipment
Property, equipment, and furnishings with an economic life in excess of one year are capitalized at cost, if purchased, or if donated, at fair market value at the date of receipt. Expenditures for maintenance repairs and renewals are charged to expense as incurred, whereas, major betterments are capitalized as additions to property and equipment. Depreciation of property and equipment is computed using the straight-line method, and is charged against income over the estimated useful lives of the assets. During fiscal 2008, the Organization purchased property in Gloucester, Massachusetts for $2,001,083 using grant funds. The Organization plans to renovate and use the property as a headquarters and for future programs. During fiscal 2024, the Organization spent $248,074 of capitalized costs related to the clean-up and renovation of the property. As of June 30, 2024, the Organization has incurred a total of $2,816,896 of renovation costs related to the property. As of June 30, 2024, land improvements and building with costs totaling $1,663,863 have been placed in service.

A summary of property and equipment as of June 30, 2024 is presented below.

	Est. Life	Cost
Sailing Vessel – Cachalot	10	$ 117,508
Research Equipment	5-12	203,006
Office and Other	5-12	184,245
Land Improvements and Building – in service	15-39	1,663,863
Non-depreciable Land and Buildings – not in service		3,165,129
Non-depreciable planning and design costs		83,197
Non-depreciable art work And trademarks		6,316
		5,423,264
Accumulated Depreciation		(739,833)
		$4,683,431

Use of Estimates
Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTE C – SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue and Revenue Recognition
Program service fees are recognized as services are performed, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for the services. Fees received for drone services are recognized when the services are completed. Invoices are then sent to the client for remittance of payment for the services rendered. Fees received in advance are deferred to the applicable period in which the related services are performed.

Recognition of Donor-Restricted Contributions
The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted contributions received and expended in accordance with the donor's restrictions in the same fiscal year are recognized as public support without restrictions in these financial statements.

Allocation of Expenses
The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as occupancy, which is allocated on a square footage basis. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

Advertising Costs
Advertising costs are expensed as incurred. Advertising costs in the amount of $350 were charged to expense for the year ended June 30, 2024.

Leases
The Organization has no long-term leases to report under ASC842 – Leases.

Subsequent Events
Subsequent events have been evaluated through May 7, 2025, which is the date the financial statements were available to be issued.

NOTE D – GRANTS RECEIVABLE

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Grants receivable consist of pledged unconditional grants or grants with conditions met but not received prior to June 30, 2024. As of June 30, 2024, the Organization had no grants receivable.

NOTE E – INVESTMENTS

Investments as of June 30, 2024 consisted of the following:

	Cost	Fair Value	Unrealized Appreciation
Measured using Level 1 fair value measures:			
Equities	$ 284,616	$ 449,983	$ 165,367
Total investments measured at fair value	$ 284,616	$ 449,983	$ 165,367

Net realized gain on sale of investments for the year ended June 30, 2024 was $86,753. Net unrealized losses on investments for the year ended June 30, 2024 was $36,401. There were no investment fees for the year ended June 30, 2024.

NOTE F – FISCAL SPONSORSHIP

During the fiscal year ending June 30, 2024, the Organization entered into an agreement with Gloucester Maritime Heritage Center, Inc. (the Grantee) the become their fiscal sponsor until the Grantee re-applies and receives their 501(c)(3) status. As part of the agreement, the Organization will receive in donations on behalf of the Grantee and the Organization remits payment of funds to the Grantee upon submittal of a report outlining the charitable programs conducted by the Grantee. All funds received as part of the fiscal sponsorship are included in a separate account from that of the Organization's funding. Total revenues and expenses received for the fiscal sponsorship during fiscal year were $2,551 and $0, respectively The total balance of the fiscal sponsorship bank account as of June 30, 2024 was $2,551. The balance maintained in the bank account are deemed to be restricted for the use of the programs carried out by the Grantee.

Subsequent to year end but prior to the date of the financial statements, the Grantee had its tax-exempt status reinstated and all accumulated funds held at that time were turned over to the Grantee.

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2024 totaled $171,371 and consisted of $20,000 restricted for a documentary film, $67,392 for the Right Whale program, $61,428 for whale tagging projects, and $20,000 for preserving voices of whales.

The Organization also maintains a separate bank account as part of a fiscal sponsorship with another Organization. The total balance of the account as of June 30, 2024 was 2,551 and is deemed restricted to be used for programs as outlined in the fiscal sponsorship agreement. See Note F for additional information regarding the fiscal sponsorship.

For the year ended June 30, 2024, net assets with donor restrictions in the amount of $230,301 were released from donor program restrictions by incurring expenses satisfying the purposes specified by the donors.

NOTE H – DONATED SERVICES AND ASSETS

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. During fiscal 2024, the Organization received donated assets, supplies and services totaling $4,837 of which $3,999 was capitalized as fixed assets.

NOTE I – LOANS PAYABLE

Loans payable consist of the following as of June 30, 2024

Loan payable to Newburyport Bank, interest at 3.35%, monthly payments of $708 from May 31, 2020 to January 31, 2021 then monthly payments of $2,166 from February 28, 2021 until maturity of January 31, 2031.	$ 130,113
Unamortized Debt Issuance Costs	(7,258)
	$ 122,855

Principal maturities required on debt as of June 30, 2024, are as follows:

Year Ending June 30	Amount
2025	$ 21,967
2026	22,714
2027	23,487
2028	24,286
2029	25,113
Thereafter	12,546
	130,113
Unamortized Debt Issuance Cost	(7,258)
Total	$122,855

NOTE I – LOANS PAYABLE *(continued)*

Line of Credit

The Organization has a $100,000 line of credit with a bank. The note requires interest-only payments and is payable on demand. The interest rate to float at the Wall Street Journal Prime Rate plus 1.00%. As of June 30, 2024, the interest rate is 9.50% and there was no outstanding balance due.

NOTE J – RELATED PARTIES

During the year ending June 30, 2024, the wife of the CEO of the Organization was contracted to provide services for one of the Organization's programs. Total payments for these services were $13,541.

NOTE K – INTELLECTUAL MATERIALS

Through years of research the Organization has accumulated a vast collection of whale recordings, film and photographs and proprietary written material in the area of science, conservation and education.

NOTE L – CONCENTRATIONS

The Organization maintains cash balances in a financial institution that at times may have amounts in excess of Federal Deposit Insurance Corporation (FDIC) coverage of $250,000. As of June 30, 2024, the Organization did not have any uninsured cash balances at any financial institution. The Organization also maintains a cash balance through a brokerage firm that at times may have amounts in excess of Securities Investor Protection Corporation (SIPC) coverage of $250,000. The uninsured cash balance as of June 30, 2024 held at this brokerage house was $290,526.

NOTE M – TAX POSITION

The Organization has adopted the application of the provisions of FASB ASC 740-10 (formerly FASB Interpretation No. 48, "*Accounting For Uncertainty in Income Taxes"*). The primary tax positions made by the Organization are the existence/non-existence of Unrelated Business Income Tax and the Organization's status as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Organization currently evaluates all tax positions, and makes determinations regarding the likelihood of those positions being upheld under review. For the years presented, and as a result of adoption, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on its evaluations. The Organization's Forms 990, *Return of Organization Exempt from Income Tax,* for the years ending June 30, 2024, 2023, 2022 and 2021 are subject to examination by the IRS. Returns are generally subject to examination for three years after they are filed.

NOTE N – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Donor restricted amounts that are available for use within one year for their intended purposes include $20,000 restricted for a documentary film, $67,392 for the Right Whale program, $61,428 for whale tagging projects, and $20,000 for preserving voices of whales. Fiscal sponsorship funds of $2,551 are to be turned over to the Grantee within one year.

Financial assets at year-end:	
Cash	$ 683,105
Investments	449,983
Account receivable	6,484
Total financial assets	1,139,572
Less those unavailable for general expenditures within one year:	
Donor-restricted for long-term purposes	-
Financial assets available to meet cash needs for general expenditure within one year:	$1,139,572

As of June 30, 2024, the Organization's only borrowing commitments is the note payable described in Note G above.

Ocean Alliance, Inc.

Schedule of Program Support, Revenue, and Expenses

For the year ended June 30, 2024

(with comparative totals for the year ended June 30, 2023)

	RESEARCH PROGRAMS			EDUCATION			
	Whale Disentanglement	Right Whale Program	SnotBot & Drones for Whale Research	Other	Marisla	2024 Total	2023 Total
Program Support & Revenue							
Foundations & Grants	$ -	$ 50,000	$ 32,500	$ 52,560	$ -	$ 135,060	$ 401,069
Contributions	17,800	20,000	50,911	27,857	-	116,568	28,418
Donated Assets/Services	-	-	4,837	-	-	4,837	15,299
Fees for Service	-	-	51,518	300	-	51,818	79,741
Merchandise and other	-	-	750	43,571	-	44,321	47,203
	17,800	70,000	140,516	124,288	-	352,604	571,730
Expenses							
Personnel	23,963	-	152,365	101,567	-	277,895	275,477
Payroll taxes & related	4,555	-	27,681	13,855	-	46,091	48,213
Professional services	63	8,068	53,429	114,597	-	176,157	116,225
Advertising	-	-	-	350	-	350	149
Bank charges	-	615	18	-	-	633	943
Depreciation	-	-	47,774	78,737	-	126,511	110,189
Grant expense	-	50,000	-	-	-	50,000	-
Insurance	785	258	13,208	19,717	-	33,968	31,812
Interest	-	-	-	6,072	-	6,072	6,763
Miscellaneous	60	-	1,174	542	-	1,776	1,516
Office expense	-	-	-	614	-	614	400
Permits and other fees	-	109	1,354	1,475	-	2,938	1,255
Postage and shipping	417	-	2,007	-	-	2,424	1,237
Printing	-	-	-	-	-	-	2,705
Program expense	1,039	7,781	42,946	10,427	-	62,193	46,075
Repairs and maintenance	958	13,011	18,423	15,749	-	48,141	31,486
Storage	-	-	-	-	-	-	21
Telecommunications	386	-	1,885	1,255	-	3,526	3,787
Training	-	-	-	790	-	790	571
Travel	4,768	2,766	31,817	3,695	-	43,046	45,721
Utilities	707	-	4,030	2,611	-	7,348	7,987
Total Expenses	37,701	82,608	398,111	372,053	-	890,473	732,532
Excess (deficit) of revenue over expenses	$ (19,901)	$ (12,608)	$ (257,595)	$ (247,765)	$ -	$ (537,869)	$ (160,802)

See independent auditor's report

Ocean Alliance, Inc.

Schedule of Program Support, Revenue, and Expenses

For the year ended June 30, 2023

(with comparative totals for the year ended June 30, 2022)

	RESEARCH PROGRAMS			EDUCATION			
	Whale Disentanglement	Right Whale Program	SnotBot & Drones for Whale Research	Other	Marisla	2023 Total	2022 Total
Program Support & Revenue							
Foundations & Grants	$ 44,384	$ -	$ 267,340	$ 89,345	$ -	$ 401,069	$ 245,066
Contributions	-	9,300	3,200	15,918	-	28,418	15,718
Donated Assets/Services	-	-	15,299	-	-	15,299	62,240
Fees for Service	69,130	-	10,611	-	-	79,741	5,000
Merchandise and other	-	-	1,552	45,651	-	47,203	41,228
	113,514	9,300	298,002	150,914	-	571,730	369,252
Expenses							
Personnel	57,562	-	122,644	95,271	-	275,477	240,211
Payroll taxes & related	10,829	-	22,830	14,554	-	48,213	52,084
Professional services	12,312	6,324	32,389	58,350	6,850	116,225	106,161
Advertising	-	-	-	149	-	149	100
Bank charges	-	350	593	-	-	943	710
Depreciation	11,387	-	30,147	68,655	-	110,189	86,853
Insurance	5,863	496	6,034	19,419	-	31,812	38,592
Interest	-	-	-	6,763	-	6,763	7,493
Miscellaneous	429	-	265	822	-	1,516	2,879
Office expense	-	-	117	283	-	400	20
Permits and other fees	36	809	62	348	-	1,255	128
Postage and shipping	352	-	885	-	-	1,237	2,697
Printing	-	-	-	2,705	-	2,705	1,324
Program expense	13,350	6,038	25,424	1,263	-	46,075	59,821
Repairs and maintenance	17,202	625	3,439	10,220	-	31,486	35,592
Storage	-	-	21	-	-	21	1,697
Telecommunications	572	110	1,865	1,240	-	3,787	4,052
Training	359	-	37	175	-	571	854
Travel	7,420	2,848	29,829	5,624	-	45,721	29,184
Utilities	1,089	-	3,586	3,312	-	7,987	7,843
Total Expenses	138,762	17,600	280,167	289,153	6,850	732,532	678,295
Excess (deficit) of revenue over expenses	$ (25,248)	$ (8,300)	$ 17,835	$ (138,239)	$ (6,850)	$ (160,802)	$ (309,043)

See independent auditor's report