
OCEANA CANADA

FINANCIAL STATEMENTS

DECEMBER 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Oceana Canada,

Opinion

We have audited the financial statements of Oceana Canada (the organization), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Oceana Canada as at December 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing organization's financial reporting process.

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 a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw your attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Pemylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

April 7, 2021
Toronto, Ontario

OCEANA CANADA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	2020	2019
ASSETS		
Current assets		
Cash	\$ 696,906	\$ 265,514
Amounts receivable	32,582	24,396
HST rebate recoverable	29,902	62,446
Prepaid expenses	<u>55,353</u>	<u>50,811</u>
	814,743	403,167
Capital assets (note 3)	<u>37,505</u>	<u>81,458</u>
	<u>\$ 852,248</u>	<u>\$ 484,625</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 123,242	\$ 117,288
Deferred contributions (note 4)	<u>503,857</u>	<u>222,908</u>
	627,099	340,196
Deferred capital contributions	<u>2,149</u>	<u>8,882</u>
	<u>629,248</u>	<u>349,078</u>
Net assets		
Unrestricted	<u>223,000</u>	<u>135,547</u>
	<u>\$ 852,248</u>	<u>\$ 484,625</u>

Approved on behalf of the Board:

_____, Director

_____, Director

see accompanying notes

OCEANA CANADA

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
REVENUE		
Grants (note 7)	\$ 2,228,855	\$ 2,567,462
In-kind contributions (note 6)	250,183	243,453
Donations	97,859	111,085
Consulting fees	32,582	33,936
Temporary Wage Subsidy for Employers	22,000	-
Capital contributions recognized	6,733	7,450
Interest and other	<u>1,111</u>	<u>4,222</u>
	<u>2,639,323</u>	<u>2,967,608</u>
EXPENSES		
Salaries, benefits and payroll taxes	1,475,026	1,243,006
Consultants	267,910	295,304
In-kind services (note 6)	250,183	243,453
Advertising	207,633	401,654
Rent	162,962	173,621
Office and general	85,571	59,572
Travel	23,755	133,541
Insurance	10,577	14,449
Bank charges	8,146	8,237
Conferences and events	1,493	245,234
Amortization	<u>58,614</u>	<u>58,523</u>
	<u>2,551,870</u>	<u>2,876,594</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	87,453	91,014
Net assets, beginning of year	<u>135,547</u>	<u>44,533</u>
NET ASSETS, END OF YEAR	<u>\$ 223,000</u>	<u>\$ 135,547</u>

see accompanying notes

OCEANA CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 87,453	\$ 91,014
Add back (deduct) non-cash items-		
Amortization	58,614	58,523
Capital contributions recognized	(6,733)	(7,450)
Loss on disposal of capital asset	(419)	(140)
Net change in non-cash working capital items (see below)	<u>306,719</u>	<u>(326,340)</u>
Net cash generated from (used for) operating activities	<u>445,634</u>	<u>(184,393)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	<u>(14,242)</u>	<u>(25,804)</u>
FINANCING ACTIVITIES		
Capital contributions received	<u>-</u>	<u>2,762</u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	431,392	(207,435)
Cash, beginning of year	<u>265,514</u>	<u>472,949</u>
CASH, END OF YEAR	<u><u>\$ 696,906</u></u>	<u><u>\$ 265,514</u></u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Amounts receivable	\$ (8,186)	\$ (24,396)
HST rebate recoverable	32,544	(28,261)
Prepaid expenses	(4,542)	(13,772)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	5,954	39,076
Deferred contributions	<u>280,949</u>	<u>(298,987)</u>
	<u><u>\$ 306,719</u></u>	<u><u>\$ (326,340)</u></u>

see accompanying notes

OCEANA CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

Oceana Canada (the organization) was incorporated on March 22, 2013 without share capital under the Canada Not-for-profit Corporations Act. The organization commenced operations on January 1, 2014. The organization is a registered charitable organization under the Income Tax Act (Canada) and as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

The organization is a national advocacy organization focused solely on ocean conservation. The organization is dedicated to protecting and restoring the world's oceans on a global scale to make oceans more biodiverse and abundant.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Revenue recognition

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) The organization follows the deferral method of revenue recognition for contributions. Externally restricted contributions, including grants and donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Temporary Wage Subsidy for Employers is recognized as revenue in the period it relates to. Externally restricted contributions related to the purchase of capital assets are recorded as revenue in the same period, and on the same basis, as the related capital assets are amortized. Unrestricted contributions, including donations and amounts received from fundraising are recorded when funds are received.
- ii) Except for in-kind contributions provided by Oceana, Inc., donated materials and services which are normally purchased by the organization are not recorded in the accounts. Volunteers contribute their time to assist the organization in delivering its services. Because of the difficulty of determining the fair value, volunteer services are not recorded in the financial statements.
- iii) Consulting fee revenue is recognized when services are delivered.

Capital assets

Capital assets are initially recorded at cost. Amortization is provided on a straight-line basis over their estimated useful lives as follows:

Computer equipment	- 3 years
Leasehold improvements	- Terms of leases
Furniture and fixtures	- 5 years
Office equipment	- 5 years

2. FINANCIAL INSTRUMENTS

The organization records financial instruments, which include cash, amounts receivable, accounts payable and accrued liabilities, initially at fair value. Subsequently, financial instruments are measured net of any provisions for impairment in value.

OCEANA CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

3. CAPITAL ASSETS

Capital assets are as follows:

	Cost	Accumulated Amortization	2020 Net	2019 Net
Computer equipment	\$ 80,486	\$ (60,113)	\$ 20,373	\$ 23,138
Furniture and fixtures	66,401	(55,674)	10,727	18,384
Leasehold improvements	164,919	(160,576)	4,343	33,942
Office equipment	<u>23,326</u>	<u>(21,264)</u>	<u>2,062</u>	<u>5,994</u>
	<u>\$ 335,132</u>	<u>\$ (297,627)</u>	<u>\$ 37,505</u>	<u>\$ 81,458</u>

4. DEFERRED CONTRIBUTIONS

Deferred contributions comprise the following:

	2020	2019
Gordon and Betty Moore Foundation	\$ 328,160	\$ -
Donner Canadian Foundation	71,250	50,000
Oceana, Inc.	68,979	172,908
Charities Aid Foundation of America	19,468	-
Ecojustice Canada	<u>16,000</u>	<u>-</u>
	<u>\$ 503,857</u>	<u>\$ 222,908</u>

Continuity of deferred contributions for the year is as follows:

	2020	2019
Deferred contributions, beginning of year	\$ 222,908	\$ 521,895
Add cash received from grants	2,509,804	2,268,475
Less grants recognized as revenue (note 7)	<u>(2,228,855)</u>	<u>(2,567,462)</u>
Deferred contributions, end of year	<u>\$ 503,857</u>	<u>\$ 222,908</u>

5. COMMITMENTS

The organization leases office space in Toronto, Ottawa and Halifax. Minimum annual lease payments, including property taxes and operating costs, over the terms of the leases are as follows:

2021	\$ 210,208
2022	168,764
2023	150,452
2024	141,070
2025	<u>129,314</u>
	<u>\$ 799,808</u>

OCEANA CANADA

NOTES TO THE FINANCIAL STATEMENTS

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6. OCEANA, INC.

Oceana, Inc., an independent organization based in the United States, contributes administrative support, accounting and other services to the organization based on the provisions of a services agreement. Contributed services from Oceana, Inc. are recorded as in-kind contributions in the statement of operations and are offset by an equal charge to operations as in-kind services expense. Non-monetary transactions with Oceana, Inc. are carried out in the normal course of business and are recorded at Oceana, Inc.'s cost of delivering the services, which approximates fair value.

The following services were contributed by Oceana, Inc. to the organization:

	2020	2019
Salaries and benefits	\$ 221,730	\$ 179,208
Other	<u>28,453</u>	<u>64,245</u>
	<u>\$ 250,183</u>	<u>\$ 243,453</u>

Oceana, Inc. and the organization are not related in that the two organizations do not share a common Board of Directors.

The in-kind contributions received by the organization from Oceana, Inc. comprise 9% of total revenue for the year (2019 - 8%). During the year, Oceana, Inc. granted a cash contribution of \$650,000 (2019 - \$500,000), which is part of an agreement to financially support programming and ongoing operations of the organization.

7. GRANT REVENUE

Grant revenue is as follows:

	2020	2019
The Nikita Foundation	\$ 1,000,000	\$ 1,000,000
Oceana, Inc.	753,929	798,987
Gordon and Betty Moore Foundation	355,270	673,475
Donner Canadian Foundation	73,750	50,000
Ecojustice Canada	32,000	45,000
Charities Aid Foundation of America	<u>13,906</u>	<u>-</u>
	<u>\$ 2,228,855</u>	<u>\$ 2,567,462</u>