

OCEAN DISCOVERY LEAGUE, INC.
(A Nonprofit Corporation)

Financial Statements with Independent Auditor's Report

December 31, 2022

OCEAN DISCOVERY LEAGUE, INC.
(A Nonprofit Corporation)

December 31, 2022

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Independent Auditor's Report

Robert D. Giudici, C.P.A.
James H. Aceto, C.P.A.

To the Board of Directors
Ocean Discovery League, Inc.
Saunderstown, Rhode Island

Opinion

We have audited the accompanying financial statements of Ocean Discovery League, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2022, 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 Discovery League, Inc. as of December 31, 2022, and the changes in its net assets and 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 Discovery League, 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, which raise substantial doubt about Ocean Discovery League, 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 Discovery League, 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, which raise substantial doubt about Ocean Discovery League, 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.

Ward Fisher & Company LLP

October 19, 2023

OCEAN DISCOVERY LEAGUE, INC.
(A Nonprofit Corporation)

Statement of Financial Position
December 31, 2022

ASSETS

Current Assets

Cash and equivalents	\$ 550,438
Accounts receivable	14,131
<i>Total current assets</i>	<u>564,569</u>

Property and Equipment

Office equipment	4,143
Construction in progress	25,401
	<u>29,544</u>
Less: accumulated depreciation	1,151
<i>Total property and equipment, net</i>	<u>28,393</u>

TOTAL ASSETS

\$ 592,962

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 35,161
<i>Total current liabilities</i>	<u>35,161</u>

Net Assets

Net assets without donor restrictions	490,340
Net assets with donor restrictions	67,461
<i>Total net assets</i>	<u>557,801</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 592,962

The accompanying notes are an integral part of these financial statements.

OCEAN DISCOVERY LEAGUE, INC.

(A Nonprofit Corporation)

Statement of Activities

For the Year Ended December 31, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<i>Public Support and Revenue</i>			
<i>Public Support</i>			
Contributions	\$ 1,865	\$ -	\$ 1,865
Grants	20,000	-	20,000
<i>Total public support</i>	21,865	-	21,865
 <i>Revenue</i>			
Program service fees	52,790	67,461	120,251
Investment income	10	-	10
<i>Total revenue</i>	52,800	67,461	120,261
 <i>Total support and revenue</i>	74,665	67,461	142,126
 <i>Expenses:</i>			
Program services	429,550	-	429,550
Management	41,080	-	41,080
Fundraising	27,413	-	27,413
<i>Total expenses</i>	498,043	-	498,043
 <i>Changes in Net Assets</i>	(423,378)	67,461	(355,917)
Net assets, beginning of year	913,718	-	913,718
NET ASSETS, END OF YEAR	\$ 490,340	\$ 67,461	\$ 557,801

The accompanying notes are an integral part of these financial statements.

OCEAN DISCOVERY LEAGUE, INC.
(A Nonprofit Corporation)

Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services	Management	Fundraising	Total
Advertising and marketing	\$ 4,803	\$ 502	\$ -	\$ 5,305
Bank fees	228	543	-	771
Contract labor services	410,476	35,705	26,825	473,006
Membership and subscriptions	-	70	-	70
Office expense	2,579	649	-	3,228
Printing	-	235	-	235
Professional services	-	600	-	600
Publications	5,096	-	-	5,096
Software and applications	160	2,432	588	3,180
Taxes and licenses	-	326	-	326
Tools and equipment	118	18	-	136
Travel and conferences	4,939	-	-	4,939
<i>Total expenses before depreciation</i>	<u>428,399</u>	<u>41,080</u>	<u>27,413</u>	<u>496,892</u>
Depreciation	<u>1,151</u>	<u>-</u>	<u>-</u>	<u>1,151</u>
TOTAL FUNCTIONAL EXPENSES	<u><u>\$ 429,550</u></u>	<u><u>\$ 41,080</u></u>	<u><u>\$ 27,413</u></u>	<u><u>\$ 498,043</u></u>

The accompanying notes are an integral part of these financial statements.

OCEAN DISCOVERY LEAGUE, INC.
(A Nonprofit Corporation)

Statement of Cash Flows
For the Year Ended December 31, 2022

<i>Cash Flows from Operating Activities</i>	
Change in net assets	\$ (355,917)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	1,151
(Increase) Decrease in:	
Accounts receivable	(14,131)
(Increase) Decrease in:	
Accounts payable	<u>35,161</u>
<i>Net cash used by operating activities</i>	<u>(333,736)</u>
<i>Cash Flows from Investing Activities</i>	
Purchase of property and equipment	<u>(29,544)</u>
<i>Net cash used by investing activities</i>	<u>(29,544)</u>
<i>Decrease in cash and equivalents</i>	(363,280)
Cash and cash equivalents - beginning of year	<u>913,718</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 550,438</u></u>

The accompanying notes are an integral part of these financial statements.

OCEAN DISCOVERY LEAGUE, INC.
(A Nonprofit Corporation)

Notes to Financial Statements
December 31, 2022

1. NATURE OF ORGANIZATION

Nature of the Organization

Ocean Discovery League, Inc. (the “Organization”) is a nonprofit corporation organized to accelerate deep-ocean exploration by developing accessible systems to broaden the community of those who explore and understand the deep sea.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Net Assets

The Organization is 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.

Net assets without donor restrictions – net assets available for use in general operations and not subject to donor or grantor restrictions. Net assets whose use is contractually limited or assets set aside for specific insolvencies or to meet reserve requirements are considered without donor restrictions.

Net assets with donor restrictions – net assets subject to donor-imposed restrictions. Some 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 that resources be maintained in perpetuity. Donor-imposed restrictions are released when the restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

The Organization considers cash equivalents to be all highly liquid debt instruments purchased with an original maturity of three months or less. Cash equivalents consist mainly of cash and money market funds

OCEAN DISCOVERY LEAGUE, INC.
(A Nonprofit Corporation)

Notes to Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivable are stated as unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and knowledge of circumstances that may affect the ability of clients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Revenue Recognition

Grants and Contributions

Grants and contributions may either be conditional or unconditional in accordance with Accounting Standard Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Organization recognizes grants and contributions when unconditionally pledged or received. The Organization reports gifts of cash or other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated services.

Other assets include securities, land, buildings, use of facilities or utilities, materials and supplies, services, and unconditional promises to give those items in the future. When a donor-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 consolidating statement of activities as net assets released from restrictions.

In accordance with Topic 958, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement.

Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

OCEAN DISCOVERY LEAGUE, INC.
(A Nonprofit Corporation)

Notes to Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Grants and Contributions (continued)

In-kind goods and services are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Program Service Fees

Program service income is recognized in accordance with FASB's ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgment and changes in judgments.

The Entity evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) identify the contract with the customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to separate performance obligations, and (5) recognize revenue when (or as) each performance obligation is satisfied.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporary or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Allowance for Doubtful Accounts

Grants and pledges receivable are recorded at their net realizable value. Pledges that are expected to be collected after one year from the end of the fiscal year end are discounted.

Allowance for doubtful accounts is recorded based on management's analysis of specific accounts and the estimate of additional amounts that may become uncollectible. Accounts are written off against the allowance when they are determined to be uncollectible.

OCEAN DISCOVERY LEAGUE, INC.
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Notes to Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expense Allocation

Expenses that can be identified with a specific program or supporting services are charged directly to the program or supporting service. Expenses that apply to more than one functional category have been allocated based on estimates made by management.

Advertising

The Organization expenses advertising costs as incurred. Advertising expense was \$5,305 for the year ended December 31, 2022.

Income Taxes

Ocean Discovery League, Inc. is exempt from income taxes under Code Section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2022, there were no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated subsequent events through October 19, 2023, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2022.

OCEAN DISCOVERY LEAGUE, INC.
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Notes to Financial Statements
December 31, 2022

3. RISKS AND UNCERTAINTIES

The Organization maintains cash accounts at commercial banks in Rhode Island. The accounts at the commercial banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of \$250,000 per depositor. At December 31, 2022, cash exceeded the FDIC limit by \$200,010.

In March 2020, there was an outbreak of the novel Coronavirus (COVID-19) that impacted the financial markets and global economy. There have been mandates from federal, state, and local authorities resulting in an overall decline in economic activity. The outbreak of COVID-19 is still ongoing, and the magnitude of the impact in the financial markets is uncertain and cannot be predicted.

4. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, i.e., without donor or other restrictions limiting their use, within one year of the statement of financial position are comprised of the following:

Financial Assets:	
Cash and equivalents	\$ 550,438
Accounts receivable	<u>14,131</u>
Subtotal	564,569
Less: donor restrictions for specific purposes	<u>67,461</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 497,108</u>