

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**



FOR THE YEAR ENDED DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

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VANESSA M. GARCIA
ANDREW J. TRICERRI

To the Board of Directors of
Sharks Pacific

PRAJESH "RAJ" ACHARYA
HOWARD B. ATKINSON
DIANE M. RAVENSCROFT
MELANIE A. ATHERTON
STEPHANIE D. LOCKER

Opinion

We have audited the accompanying financial statements of Sharks Pacific (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows, for the year then ended, and the related notes to the financial statements.

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In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sharks Pacific as of December 31, 2024, and the changes in its 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 Sharks Pacific 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.

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Responsibilities of Management for the Financial Statement

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 Sharks Pacific'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.

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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 Sharks Pacific'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 Sharks Pacific'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.

MacFarlane, Faletti, & Co., LLP

**Santa Barbara, California
November 13, 2025**

SHARKS PACIFIC
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|-----------------------------------|-------------------------------|----------------------------|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 986,598 | \$ - | \$ 986,598 |
| Prepaid expenses and deposits | 58,633 | - | 58,633 |
| Grant receivable, net | - | 3,203,595 | 3,203,595 |
| Production advances | 650,000 | - | 650,000 |
| | \$ 1,695,231 | \$ 3,203,595 | \$ 4,898,826 |
| LIABILITIES AND NET ASSETS | | | |
| Accounts payable | \$ 4,144 | \$ - | \$ 4,144 |
| Accrued expenses | 19,132 | - | 19,132 |
| | 23,276 | - | 23,276 |
| NET ASSETS | | | |
| Without donor restrictions | 1,671,955 | - | 1,671,955 |
| With donor restrictions | - | 3,203,595 | 3,203,595 |
| | 1,671,955 | 3,203,595 | 4,875,550 |
| | \$ 1,695,231 | \$ 3,203,595 | \$ 4,898,826 |

SHARKS PACIFIC
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|------------------------------------------|-------------------------------|----------------------------|---------------------|
| SUPPORT AND REVENUE | | | |
| Support | | | |
| Grant and contributions | \$ 1,711,832 | \$ 3,203,595 | \$ 4,915,427 |
| Total Support and Revenue | 1,711,832 | 3,203,595 | 4,915,427 |
| RECLASSIFICATIONS | | | |
| Net assets released from restrictions | - | - | - |
| EXPENSES | | | |
| Program services | 271,050 | - | 271,050 |
| General and administrative | 70,513 | - | 70,513 |
| Fundraising | 23,027 | - | 23,027 |
| Total Expenses | 364,590 | - | 364,590 |
| CHANGE IN NET ASSETS | 1,347,242 | 3,203,595 | 4,550,837 |
| NET ASSETS, BEGINNING OF YEAR | 324,713 | - | 324,713 |
| NET ASSETS, END OF YEAR | \$ 1,671,955 | \$ 3,203,595 | \$ 4,875,550 |

SHARKS PACIFIC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

| | <u>Supporting Services</u> | | | <u>Total</u> |
|-------------------------------------|----------------------------|---------------------------------------|--------------------|-------------------|
| | <u>Program Services</u> | <u>General and Administrative</u> | <u>Fundraising</u> | |
| EXPENSES | | | | |
| Personnel | \$ 73,671 | \$ 34,011 | \$ 20,556 | \$ 128,238 |
| Consultants | 77,430 | 12,465 | 830 | 90,725 |
| Travel | 58,069 | 6 | - | 58,075 |
| Small equipment and supplies | 44,055 | - | - | 44,055 |
| Professional fees | - | 22,448 | - | 22,448 |
| Media | 7,701 | - | - | 7,701 |
| Office, printing and shipping | 2,866 | 678 | 1,217 | 4,761 |
| Insurance | 1,626 | 637 | 390 | 2,653 |
| Conference and meetings | 2,202 | - | - | 2,202 |
| Dues, memberships and subscriptions | 1,797 | - | - | 1,797 |
| Facilities | 1,336 | - | - | 1,336 |
| Licenses and permits | 283 | 145 | - | 428 |
| Bank fees | 14 | 123 | 34 | 171 |
| | <u>271,050</u> | <u>70,513</u> | <u>23,027</u> | <u>364,590</u> |
| TOTAL EXPENSES | \$ 271,050 | \$ 70,513 | \$ 23,027 | \$ 364,590 |

SHARKS PACIFIC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

| | |
|-------------------------------------------------------------------------------------------------|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Changes in net assets | \$ 4,550,837 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | |
| Changes in: | |
| Grant receivable, net | (3,203,595) |
| Prepaid expenses and deposits | (58,633) |
| Accounts payable | 4,144 |
| Accrued expenses | 19,132 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>1,311,885</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Production advances | <u>(650,000)</u> |
| NET CASH FLOWS USED BY INVESTING ACTIVITIES | <u>(650,000)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 661,885 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>324,713</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 986,598</u> |
| <i>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</i> | |
| Cash paid during the year for: | |
| Interest | \$ - |
| Income taxes | \$ - |

NOTE 1 ORGANIZATION

Sharks Pacific (the Organization) is a California non-profit public benefit corporation. The mission of the Organization is to campaign on behalf of Sharks and Rays in the Pacific Ocean communities. The Organization promotes three program pillars: **research, outreach and policy** (collectively called “responsible conservation”). Each pillar addresses human, ecological and cultural factors rather than focusing solely on species conservation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported either as Net Assets Without Donor Restrictions or Net Assets with Donor Restrictions. Net Assets Without Donor Restrictions are net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization, or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization did not have any net assets with donor restrictions to be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Estimates used in preparing these financial statements include allocation of certain expenses by function, present value of long term grants and contributions receivables, and allowances for uncollectible receivables. It is at least reasonably possible that the estimates used will change within the next year.

Support and Revenue

In the absence of donor restrictions, grants and contributions are considered to be available for unrestricted use. All grants and contributions are recognized in the period when the grant or unconditional promise to give is received. All donor-restricted support is reported as increases in net assets with donor restrictions. When a donor’s restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. The Organization determines the allowance for support and revenue based on historical experience, an assessment of economic conditions, evaluation of the likelihood of payment and a review of subsequent collections. Accounts are written off after all reasonable collection efforts have been exhausted. At December 31, 2024, no allowance was deemed necessary.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods and Services

Donated services are recognized if the services received create or enhance long-lived assets, require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated goods are recognized at fair market value at the time of contribution. The Organization did not receive any donated goods or services requiring recognition during year 2024.

Functional Allocations of Expenses

The costs of providing programs and supporting services are summarized on a functional basis and included on the statement of functional expenses. Expenses that can be identified with a specific program, general and administrative, or fundraising are charged directly to the respective functional expense category. Overhead costs are allocated to program, general and administrative, and fundraising based on estimated hours spent by employees performing those activities. Estimated allocation costs are reviewed by management annually for each individual expense category.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents, including demand deposits and money market accounts.

Fair Value of Financial Instruments

The fair value of current assets and liabilities approximates carrying value because of the short-term nature of these items. Long term grants and contracts receivable is discounted using the Organization's risk free rate of return to fair value.

Tangible and Intangible Assets

The organization capitalizes all tangible and intangible assets with a cost exceeding \$1,000 and an estimated useful life greater than one year. These assets are depreciated or amortized over their useful lives. Annually, the organization tests these assets for impairment, recognizing a charge if the carrying value exceeds the fair value.

Credit Risk

The Organization manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be credit worthy. At times, the amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. (See note 6).

Income Taxes

The Organization is a public charity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization may be subject to unrelated business income tax for income from operating activities not related to their exempt purpose. Unrelated business income is taxed based on the applicable statutory federal and state income tax rates for for-profit organizations. Management does not anticipate any income being subject to unrelated business income tax. Accordingly, no provision for income taxes has been made.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

Management has evaluated the Organization’s uncertain tax positions at December 31, 2024 and has not identified any uncertain tax positions. At December 31, 2024 the previous three years federal and previous four years of state income tax returns remain open under statute and subject to examination by taxing authorities. No examinations are currently underway.

Newly Adopted Accounting Pronouncements

On January 1, 2023 the Organization adopted Accounting Standard Update (“ASU”) No. 2016-13, Financial Instruments – Credit Losses (Topic 326), and all subsequently issued related amendments including early adoption of ASU No. 2025-05. The Organization used modified retrospective transition method. The impact of this adoption was not considered material to the financial statements.

The Organization has considered all new accounting pronouncements not yet adopted and determined they are not expected to have a material impact.

NOTE 3 GRANT RECEIVABLE, NET

During the year the Organization received a multi-year unconditional grant from a donor. Total amount of the grant was \$5,000,000 of which an amount totaling \$1,700,000 was paid by the donor in 2024. The grant agreement does not have specific dates on when the remaining amounts will be paid. Management has made an assessment on receivability of the remaining grant amounts and has established that the remaining grant will be paid in the following installments:

| | |
|------------------------------|-------------|
| Year ended December 31, 2025 | \$1,700,000 |
| Year ended December 31, 2026 | \$1,600,000 |

Management has discounted the portion of the grant which is supposed to be paid in year 2026 to present value using a risk free rate of return of 4.23%.

The unpaid portion of the grant receivable at December 31, 2024, is carried in the Statement of Financial Position as follows:

| | |
|----------------------------------------|--------------------|
| Grants receivable | \$3,300,000 |
| Less: Discount to present value | <u>(\$96,405)</u> |
| Grants receivable at December 31, 2024 | <u>\$3,203,595</u> |

See Note 10 for subsequent event.

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2024, net assets with donor restrictions consisted of \$3,203,595 of a grant pledged which is restricted due to time.

NOTE 5 PRODUCTION ADVANCE

During the year, the Organization entered into a contract with a media production company to produce a documentary about its founder and CEO, and sharks and rays in the pacific island communities. Total cost of this contract is \$1,300,000 and the documentary is anticipated to be ready for public telecasting by year 2026. The Organization has paid \$650,000 towards this contract in 2024. On December 31, 2024, the remaining balance for this contract totaling \$650,000 is payable, which is to be paid based on progress of the project.

NOTE 6 CONCENTRATION OF RISKS

During 2024, approximately 100% of the Organization's total support and revenue were provided by one grantor.

Federal Deposit Insurance Corporation insurance coverage at December 31, 2024, was limited to \$250,000 per depositor per bank. The Organization maintains its banking relationship mainly with one bank. At December 31, 2024, the Organization's uninsured cash balances totaled approximately \$736,588.

NOTE 7 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Organization, at times, may be involved in legal action and claims. The Organization will always vigorously defend itself against any claim. At December 31, 2024, the Organization was not aware of any pending litigation with known unfavorable outcomes that would require an estimated loss of a significant amount.

NOTE 8 RELATED PARTY TRANSACTIONS

One board member and one officer are also paid employees of the Organization. Total remuneration paid to them for their services during 2024 was \$96,128.

NOTE 9 LIQUIDITY AND AVAILABILITY

Following is the financial assets available to meet cash needs for general expenditures within one year as of December 31, 2024:

| | |
|---------------------------------------------|---------------------|
| Cash and cash equivalents | \$ 986,598 |
| Grants and contributions receivable in 2025 | <u>1,700,000</u> |
| Net financial assets available | <u>\$ 2,686,598</u> |

NOTE 10 SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 13, 2025, which is the date the financial statements were available to be issued. Management has determined there are no subsequent events that require recognition or disclosure in the financial statements as of and for the year ended December 31, 2024, with the exception of the following:

- On June 6, 2025, the Organization received the second installment of the grant receivable totaling \$1,700,000, see Note 3.