



ONEREEF WORLDWIDE STEWARDSHIP
(A CALIFORNIA NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2025

ONEREEF WORLDWIDE STEWARDSHIP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
ONEREEF WORLDWIDE STEWARDSHIP

Opinion

We have audited the accompanying financial statements of ONEREEF WORLDWIDE STEWARDSHIP (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2025, 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 ONEREEF WORLDWIDE STEWARDSHIP as of December 31, 2025, 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 ONEREEF WORLDWIDE STEWARDSHIP 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 ONEREEF WORLDWIDE STEWARDSHIP'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, including omissions, 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 ONEREEF WORLDWIDE STEWARDSHIP'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 ONEREEF WORLDWIDE STEWARDSHIP'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.



Tryna Accountancy Corporation

Oakland, California

May 8, 2026

ONEREEF WORLDWIDE STEWARDSHIP

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 1,087,342	\$ 842,972	\$ 1,930,314
Promises to give	-	100,000	100,000
Prepaid expenses and other assets	<u>6,019</u>	<u>-</u>	<u>6,019</u>
Total current assets	1,093,361	942,972	2,036,333
Security deposit	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total assets	<u>\$ 1,095,361</u>	<u>\$ 942,972</u>	<u>\$ 2,038,333</u>
Liabilities			
Accounts payable	\$ 58,739	\$ -	\$ 58,739
Payroll related liabilities	<u>6,094</u>	<u>-</u>	<u>6,094</u>
Total current liabilities	<u>64,833</u>	<u>-</u>	<u>64,833</u>
Total liabilities	<u>64,833</u>	<u>-</u>	<u>64,833</u>
Net assets			
Without donor restrictions			
Undesignated	1,030,528	-	1,030,528
With donor restrictions			
Purpose and time restrictions	<u>-</u>	<u>942,972</u>	<u>942,972</u>
Total net assets	<u>1,030,528</u>	<u>942,972</u>	<u>1,973,500</u>
Total liabilities and net assets	<u>\$ 1,095,361</u>	<u>\$ 942,972</u>	<u>\$ 2,038,333</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

ONEREEF WORLDWIDE STEWARDSHIP

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Grants and donations	\$ 1,506,089	\$ 755,000	\$ 2,261,089
Government grant - ERC	35,843	-	35,843
In-kind contributions	47,753	-	47,753
Interest income	35,189	-	35,189
Net assets released from restrictions	<u>2,076,075</u>	<u>(2,076,075)</u>	<u>-</u>
Total support and revenue	<u>3,700,949</u>	<u>(1,321,075)</u>	<u>2,379,874</u>
Expenses			
Program	2,294,104	-	2,294,104
Management and general	417,033	-	417,033
Fundraising	<u>484,101</u>	<u>-</u>	<u>484,101</u>
Total expenses	<u>3,195,238</u>	<u>-</u>	<u>3,195,238</u>
Change in net assets	505,711	(1,321,075)	(815,364)
Net assets at beginning of year	<u>524,817</u>	<u>2,264,047</u>	<u>2,788,864</u>
Net assets at end of year	\$ <u><u>1,030,528</u></u>	\$ <u><u>942,972</u></u>	\$ <u><u>1,973,500</u></u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

ONEREEF WORLDWIDE STEWARDSHIP

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 355,652	\$ 213,717	\$ 394,925	\$ 964,294
Payroll taxes and fees	42,811	33,105	28,217	104,133
Employee benefits	12,265	4,325	10,464	27,054
Advertising and marketing	483	239	5,120	5,842
Charitable contributions	1,562	-	-	1,562
Computer and telephone	20,724	6,027	3,100	29,851
Conference and entertainment	38,146	1,273	2,142	41,561
Conservation agreements	789,038	-	-	789,038
Contract services	312,263	-	66	312,329
Dues, fees, and other charges	5,173	3,089	604	8,866
Insurance	9,858	31,870	3,667	45,395
Licenses and permits	3,000	-	-	3,000
Office supplies	138,686	-	-	138,686
Postage and printing	5,699	-	526	6,225
Professional fees	224,366	117,283	21,715	363,364
Rent	24,000	-	-	24,000
Travel	310,378	6,105	13,555	330,038
Total	\$ <u>2,294,104</u>	\$ <u>417,033</u>	\$ <u>484,101</u>	\$ <u>3,195,238</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

ONEREEF WORLDWIDE STEWARDSHIP

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Cash flows from operating activities

Change in net assets	\$	(815,364)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
(Increase) decrease in operating assets		
Accounts receivable		33,940
Promises to give		250,000
Prepaid expenses and other assets		(558)
Long-term assets		38,200
Increase (decrease) in operating liabilities		
Accounts payable		35,176
Payroll liabilities		(2,808)
		(461,414)
Net cash provided/(used) by operating activities		(461,414)
Net change in cash and cash equivalents		(461,414)
Beginning cash and cash equivalents		
Cash and cash equivalents with donor restrictions	\$	1,914,047
Cash and cash equivalents without donor restrictions		477,681
		2,391,728
Beginning cash and cash equivalents, total		2,391,728
Ending cash and cash equivalents		
Cash and cash equivalents with donor restrictions		842,972
Cash and cash equivalents without donor restrictions		1,087,342
		1,930,314
Ending cash and cash equivalents, total	\$	1,930,314

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

ONEREEF WORLDWIDE STEWARDSHIP

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF ACTIVITIES

OneReef Worldwide Stewardship (the Organization) was formed in 2012 under the Nonprofit Public Benefit Corporation laws of the State of California for public and charitable purposes.

The Organization is dedicated to securing thriving coral reefs and thriving coastal communities across the Pacific, with a primary focus on Micronesia. Its work integrates Indigenous leadership, scientific research, and long-term partnerships to support durable community-led marine conservation and climate resilience.

Through a single, cohesive program, the Organization advances five interconnected areas: strengthening traditional governance and cultural stewardship; investing in youth engagement and knowledge transfer; supporting sustainable marine resource management and fisheries; enhancing surveillance; and enforcement of protected areas; and building community awareness and regional collaboration. This model emphasizes local capacity, cultural alignment, and durable systems that enable communities to sustainably manage and protect their coral reef ecosystems.

In 2025, the Organization delivered measurable impact at scale across the Pacific. It supported 59 communities across 7 countries, helping safeguard approximately 918,627 acres of marine areas and reaching more than 91,559 people directly and indirectly. Through the MiCOAST initiative and related programs, over 600 individuals were directly engaged in activities such as fisheries management, with 50 staff from partner organizations trained in gender equity and social inclusion, and 11 farmers trained in mariculture producing more than 5,000 rabbitfish.

The Organization also strengthened on-the-ground capacity through improved ranger safety and operations, infrastructure investments such as patrol vessels and station upgrades, and expanded youth engagement and community outreach programs.

In parallel, ecological monitoring and long-term studies showed significant gains in reef health, including doubling of fish abundance in Pohnpei over a 10-year period, demonstrating tangible progress toward improved ocean health and human well-being.

NOTE 2 – DESCRIPTION OF PROGRAM ACTIVITIES

The Organization provides a single, integrated program of marine conservation and climate resilience services across Pacific Island nations, primarily in the region of Micronesia. This program is delivered through five interrelated focus areas, which represent key activities within the overall initiative. The Organization partners with local communities, traditional leaders, and regional organizations to provide scientific, technical, and financial support. Its approach is rooted in long-term collaboration, cultural respect, and building local capacity to sustainably manage and protect coral reef ecosystems.

The five focus areas are:

Traditional Governance and Cultural Stewardship

This area reinforces the leadership role of customary governance systems and cultural frameworks in managing natural resources. The Organization works alongside traditional leaders and communities to integrate local knowledge together with cultural values and practices into conservation efforts, ensuring strategies are aligned with identity, heritage, and collective responsibility.

NOTE 2 – DESCRIPTION OF PROGRAM ACTIVITIES (continued)

Education, Youth Engagement, and Knowledge Transfer

This area strengthens future stewardship; the Organization supports initiatives that promote environmental education, intergenerational learning, and youth leadership. This focus area connects traditional and scientific knowledge, fostering a culture of conservation through educational institutions and community learning environments.

Natural Resource Management and Sustainable Use

This area focuses on assisting communities in developing and applying strategies that support the sustainable use of marine and terrestrial ecosystems. This includes guidance on fisheries management, ecosystem-based adaptation, and practices that balance biodiversity conservation with long-term community needs.

Surveillance, Enforcement, and Compliance

This area enhances the ability of communities to enforce conservation rules and deter illegal activities that threaten reef health. The Organization supports the use of surveillance technologies, enforcement planning, and training for local conservation officers. These efforts strengthen the rule of law at sea, reinforce the authority of local governance structures, and boost compliance.

Community Awareness and Regional Engagement

This area focuses on building broad-based support for conservation through outreach, strategic communication, and regional collaboration. This focus area promotes shared learning, fosters transparency, and helps unify partners around common goals, amplifying conservation impact across Pacific communities. Together, these focus areas reflect the Organization’s commitment to locally driven, culturally grounded, and science-informed conservation across the Pacific.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Leases

The Organization uses Accounting Standards Codification (“ASC”) 842. The Organization has a policy election not to separate non-lease components from lease components, therefore, the Organization accounts for lease and non-lease components as a single lease component. The Organization elected the short-term lease recognition exemption for all leases that qualify.

The Organization determines if a contract contains a lease at inception of the arrangement based on whether there is the right to obtain substantially all the economic benefits from the use of an identified asset and whether the Organization has the right to direct the use of an identified asset in exchange for consideration. Right of use (“ROU”) assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

ROU assets are recognized as the lease liability, adjusted for lease incentives received. Lease liabilities are recognized at the present value of the future lease payments at the lease commencement date. The interest rate used to determine the present value of the future lease payments is a risk-free discount rate, which is determined using a period comparable with lease term, because the interest rate implicit in most of the leases is not readily determinable.

Lease payments may be fixed or variable; however, only fixed payments or in-substance fixed payments are included in the lease liability calculation. Variable lease payments may include costs such as common area maintenance, utilities, real estate taxes, or other costs. Variable lease payments are recognized in operating expenses in the period in which the obligation for those payments is incurred.

Operating leases are included in operating lease ROU assets, operating lease liabilities, current and operating lease liabilities, non-current on the statement of financial position. Finance leases are included in property and equipment, net, accrued and other current liabilities, and other long-term liabilities on the statement of financial position (balance sheet).

For operating leases, lease expense is recognized on a straight-line basis in operations over the lease term. For finance leases, lease expense is recognized as depreciation and interest; depreciation on a straight-line basis over the lease term and interest using the effective interest method.

The Organization has evaluated its lease situation under the standard and found it not applicable due to the short-term lease exemption as of December 31, 2025.

Net Assets

The financial statements presentation follows Financial Accounting Standards Board (FASB) presentation requirements. The Organization reports its financial position and activities in two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board can designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment. There was no board-designated endowment as of December 31, 2025.

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, i.e., when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no donor-imposed restrictions that are perpetual in nature as of December 31, 2025.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income tax on income under Section 501(c)(3) of the Internal Revenue Code and from state franchise tax under California Revenue and Taxation Code Section 23701 (d). However, income from activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income. There was no tax on unrelated business income for the year ended December 31, 2025.

Functional Allocation of Expenses

The costs of providing various programs and other activities are summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based on the management’s estimate.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Salaries and related expenses are allocated based on employees’ direct time spent on program or support activities or the best estimate of time spent. Given the collaborative manner in which the Organization delivers its programs, rents are allocated based on staff hours devoted to each program or function.

Expenses, other than salaries and related expenses, which are not directly identifiable by program or support services, are allocated based on the management’s best estimate.

Major functional expense categories are allocated using the following methods:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries, wages and related	Time and effort
Conservation agreements	Function and usage
Contract services	Function and usage
Office supplies	Function and usage
Professional fees	Time and effort
Travel	Function and usage

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The carrying amount approximates fair value because of the short maturity of those instruments.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Realized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

At December 31, 2025, the Organization did not have any investments.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and Contribution Receivables

Contributions are recognized as revenue when received or unconditionally promised. Contributions received are recorded with donor restrictions or without donor restrictions support, depending on the existence or nature of any donor restrictions.

Support restricted by donors is reported as an increase in net assets with donor restrictions. When a donor restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional pledges are recognized as receivable and revenue when the conditions on which they depend are substantially met.

Contribution receivables are stated at unpaid balances, less an allowance for doubtful accounts. The allowance is based on prior years' experience and management's analysis of specific promises made.

Revenue Recognition

The Organization recognizes revenue on the accrual basis of accounting. Service income is recognized as revenue in the period in which the service is provided. Grants are recognized as revenue when unconditional and awarded in writing, if not conditional. The Organization's primary revenue sources are grants from corporations and donations from individuals.

The Organization recognizes revenue as performance obligations are satisfied.

Revenue is recognized over time when any of the following conditions are met: the customer receives and consumes the benefits provided by the Organization's performance as the Organization performs; the Organization's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or the work does not create an asset with an alternative use to the Organization and the entity has a right to payment for performance completed to date.

Revenue is recognized over time for cost reimbursement contracts as eligible expenses are incurred if other conditions of the contract are satisfied. Revenue from agreements that include milestones and milestone payments are recognized over time as milestones are reached.

Revenue from agreements based on hourly rates are recognized over time as time is expended if the Organization expects it will have an enforceable right to payment for such amounts. Revenue is recognized based on estimated progress towards complete satisfaction of the performance obligation if the Organization can reasonably measure such progress. If the Organization's efforts are expended evenly throughout the performance period, the Organization may recognize revenue on a straight-line basis over such a period.

Revenue is recognized at a point in time when goods or services are provided to customers and the Organization is not required to provide additional goods or services or if the above criteria are not met. Revenue from the sales of goods or merchandise are recognized at the point in time when the goods or merchandise are provided to the customer.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Allowance for Credit Losses and Bad Debt Policy

The Organization maintains its receivables at net realizable value, which includes an allowance for credit losses. The allowance for credit losses is established through a provision for credit losses charged to expense. Management estimates the allowance based on historical experience, current conditions, and reasonable and supportable forecasts about future collectability.

Receivables are written off when management determines they are uncollectible. Recoveries of receivables previously written off are recorded when received.

The Organization adopted *FASB ASC 326, Financial Instruments — Credit Losses* and has applied the current expected credit loss (CECL) model to its financial assets measured at amortized cost, including promises to give. The adoption of this standard did not have a material impact on the Organization's financial statements.

Contributions In-kind

Donated goods are recorded at their estimated fair market value on the day of donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at their market value at the time the services are rendered.

Donated services that do not meet the criteria for recognition, but which are, nonetheless, central to the Organization's operations are not reflected in the financial statements.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation. Donated property and equipment are also recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions.

The Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, or improvements that significantly prolong the useful lives of the assets are capitalized. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions.

Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. Property and equipment are depreciated using the straight-line method over estimated useful lives of three to six years.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

During the year ended December 31, 2025, the Organization did not have any property or equipment.

Advertising Expenses

Advertising costs are expensed when the advertising first occurs. During the year ended December 31, 2025, advertising expense was \$5,842.

Prepaid Expenses

Prepaid expenses are amortized over the period of future benefit.

Fair Value of Financial Instruments

The Organization adopted the provisions for fair value measurements contained in the Accounting Standards Codification ASC 820, Fair Value Measurements and Disclosures (formerly SFAS No. 157, Fair Value Measurements). This standard applies to financial instruments and defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).”

The standard establishes a consistent framework for measuring fair value and expands disclosure requirements about fair value measurements. ASC 820, among other things, requires to maximize the use of observable inputs and to minimize the use of unobservable inputs when measuring fair value.

The following methods and assumptions were used by the Organization in establishing the fair value of its financial statements: the carrying amounts of cash, promises to give, prepaid expenses, accounts payable, accrued expenses, and other current liabilities approximate fair value because of the short maturity of these instruments.

The carrying amounts of long-term receivables and payables are approximately fair value as these receivables and payables earn or are charged interest based on the prevailing rates.

NOTE 4 – 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:

Cash and cash equivalents	\$	1,930,314
Promises to give		100,000
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions		<u>942,972</u>
Financial assets available to meet cash needs for general expenditure within one year	\$	<u><u>1,087,342</u></u>

As of December 31, 2025, \$1,087,342 of financial assets are available to cover the Organization’s liquidity needs within the next twelve months. The Organization’s liquidity management strategy is to structure its financial assets to be available for its general expenditures, liabilities, and other obligations that will come due.

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

The Organization aims to maintain sufficient financial assets on hand, which consist of cash and cash equivalents and receivables to meet the total of next year's projected management/general and fundraising expenses, which are expected to be approximately \$901,134 (assuming similar expenses as of the year ended December 31, 2025). Additionally, \$100,000 of time restricted net assets will become available next year, and net assets restricted for Traditional Stewardship in Palau and Micronesian Atolls and MiCoast - development of fisheries management can be used for management and general expenses.

Based on the projected estimate, the Organization has sufficient liquid assets to cover its current liabilities.

NOTE 5 – OPERATING LEASE

The Organization leases office space in Palau under an operating lease agreement that expired on December 31, 2025. After year-end, the Organization renewed the lease agreement for an additional one-year term through December 31, 2026. During the year ended December 31, 2025, total lease expense amounted to \$24,000.

NOTE 6 – FAIR VALUE MEASUREMENTS

ASC 820 discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). The statement utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flows models and similar techniques.

Financial assets required to be measured on a recurring basis (at least annually) are classified under a three-tier hierarchy for fair value investments. The classification of assets and liabilities within the hierarchy is based on whether inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

There were no assets measured on a recurring basis that require valuation at December 31, 2025.

NOTE 7 – PROMISES TO GIVE

All promises to give are due within 12 months of year-end. Contributions receivable of \$100,000 consist entirely of an amount due from one donor.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of contributions and grants designated for specific purposes or time. The composition of net assets with donor restrictions at December 31, 2025 and the changes in these net assets are as follows:

<u>Restricted purpose</u>	<u>12/31/2024</u>	<u>Additions</u>	<u>Releases</u>	<u>12/31/2025</u>
Jennifer O'Leary	\$ 1,258	-	-	1,258
Communication - Traditional Stewardship	4,557	-	-	4,557
Community Compliance and Surveillance in Palau	2,282	-	(2,282)	-
MiCoast - Fisheries Management	1,375,369	-	(1,330,311)	45,058
Palau Women's Aquaculture	50,000	-	(762)	49,238
Traditional Stewardship in Palau and Micronesian	690,581	-	(234,387)	456,194
Palau's Northern Reef Enforcement	15,000	-	-	15,000
Science, Impact and Management	-	125,000	(125,000)	-
Mangrove restoration Ngarchelong	-	30,000	-	30,000
Micronesia Challenge Food Fish Data Collection	-	50,000	-	50,000
Time Restricted	125,000	550,000	(383,333)	291,667
Total	\$ 2,264,047	755,000	(2,076,075)	942,972

NOTE 9 – IN-KIND DONATIONS AND VOLUNTEER SERVICES

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

The Organization received donated professional services for various administrative tasks totaling \$47,753. These services were valued at \$98.48 per hour for 372.35 hours and \$102.12 per hour for 109.65 hours. In total, the Organization received 482 hours of donated professional services during the year ended December 31, 2025.

During the year ended December 31, 2025, the Organization received donated services from unpaid volunteers that do not satisfy the criteria for recognition under *FASB ASC 958-605-25-16*.

The Organization received volunteer services from nine Board members for a total of 1,022 hours for the year ended December 31, 2025.

NOTE 10 – CONCENTRATION OF CREDIT RISK

FASB ASC 825 requires disclosure of significant concentrations of credit risk arising from all financial instruments. Financial instruments that potentially subject the Organization to concentrations of credit risk are primarily cash and accounts receivable. The Organization places its cash in banks that are insured in limited amounts by the U.S. Government. Due to operational requirements, the Organization's checking and other deposit accounts may be maintained with a balance in excess of the \$250,000 Federally insured limit.

As of December 31, 2025, the uninsured amount was \$1,626,296. The Organization does not believe it is exposed to any significant credit risk related to these balances.

NOTE 11 – RETIREMENT PLAN

The Organization sponsors a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code. All U.S. employees are eligible to participate in the plan after completing two months of employment. Under the plan, the Organization matches 100% of the first 1% of employee salary deferrals and 50% of the next 5% of salary deferrals, for a maximum matching contribution of 3.5% of eligible compensation when an employee defers at least 6% of their salary. Employer contributions are made in accordance with the plan provisions and are vested based on the plan’s vesting schedule.

For the year ended December 31, 2025, the match contribution was \$27,054.

NOTE 12 – ACCRUED VACATION

For the year ended December 31, 2025, the Organization did not have any accrued vacation liability.

NOTE 13 – CONTINGENCIES

Conditions contained within the various contracts awarded to the Organization are subject to the donors' criteria and regulations under which expenditures may be charged against and are subject to audit under such regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the grants may not comply with the established criteria governing them. In such cases, the Organization could be held responsible for repayments to the funding agency or be subject to reductions of future funding. Management does not anticipate any material costs questioned for the contracts and grants administered during the year ended December 31, 2025.

The Organization recognizes contributions when it receives cash, securities, other assets, an unconditional promise to give, or notice of a beneficial interest. Conditional promises to give—those with measurable performance or other barriers and a right of return—are not recognized until the related conditions are met. For the year ended December 31, 2025, contingent revenue subject to conditions was as follows:

Appropriate use of funds	\$	3,361,421
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NOTE 14 – EMPLOYEE RETENTION CREDIT

Laws and regulations governing government programs, including the Employee Retention Credit (ERC) established under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to interpretation. Claims made under the CARES Act may also be subject to retroactive audit or review by regulatory authorities.

During previous years, the Organization applied for the Employee Retention Credit (ERC). Due to uncertainty regarding approval and processing, no revenue was recognized at the application time.

During the year ended December 31, 2025, the Organization received for the ERC funds in the amount of \$35,843. This amount has been recorded as a government grant revenue in the financial statements for the year ended December 31, 2025.

NOTE 15 – SUBSEQUENT EVENTS

In accordance with ASC 855, Subsequent Events, the Organization evaluated events and transactions that occurred after the balance sheet date through May 8, 2026, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred that would require disclosure.

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