

CLEAN OCEAN ACTION, INC.

FINANCIAL STATEMENTS

December 31, 2024 and 2023

CLEAN OCEAN ACTION, INC.
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December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Clean Ocean Action, Inc.
Long Branch, New Jersey

Opinion

We have audited the accompanying financial statements of Clean Ocean Action, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years 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 Clean Ocean Action, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Clean Ocean Action, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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 Clean Ocean Action, 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 Clean Ocean Action, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Clean Ocean Action, 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.


German, Vreeland & Associates, LLP

Cedar Knolls, New Jersey

April 23, 2025

CLEAN OCEAN ACTION, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

ASSETS

	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash and equivalents	\$ 524,027	\$ 552,938
Grant receivable	83,427	50,010
Investments	1,696,919	1,579,757
Accrued interest	35,465	35,544
Prepaid expenses	4,621	5,065
Total current assets	<u>2,344,459</u>	<u>2,223,314</u>
PROPERTY AND EQUIPMENT, NET	<u>901,655</u>	<u>917,141</u>
TOTAL ASSETS	<u>\$ 3,246,114</u>	<u>\$ 3,140,455</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 1,891</u>	<u>\$ 14,326</u>
NET ASSETS		
Without donor restrictions	2,844,223	2,726,129
Without donor restrictions - board designated	350,000	350,000
With donor restrictions	50,000	50,000
Total net assets	<u>3,244,223</u>	<u>3,126,129</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,246,114</u>	<u>\$ 3,140,455</u>

See accompanying notes to financial statements.

CLEAN OCEAN ACTION, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2024 and 2023

	2024			2023		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE						
Contributions	\$ 500,280	\$ -	\$ 500,280	\$ 436,186	\$ -	\$ 436,186
Grants	460,916	50,000	510,916	410,710	50,000	460,710
Bequests	-	-	-	38,246	-	38,246
Special events, less direct costs of \$27,800 for 2024 and \$16,575 for 2023	147,774	-	147,774	94,769	-	94,769
Investment income	89,758	-	89,758	85,172	-	85,172
Net assets released from restrictions	50,000	(50,000)	-	60,000	(60,000)	-
Total support and revenue	1,248,728	-	1,248,728	1,125,083	(10,000)	1,115,083
EXPENSES						
Program services	999,169	-	999,169	896,421	-	896,421
Management and general	87,198	-	87,198	85,969	-	85,969
Fundraising	44,267	-	44,267	22,939	-	22,939
Total expenses	1,130,634	-	1,130,634	1,005,329	-	1,005,329
CHANGE IN NET ASSETS	118,094	-	118,094	119,754	(10,000)	109,754
NET ASSETS, Beginning of year	3,076,129	50,000	3,126,129	2,956,375	60,000	3,016,375
NET ASSETS, End of year	\$ 3,194,223	\$ 50,000	\$ 3,244,223	\$ 3,076,129	\$ 50,000	\$ 3,126,129

See accompanying notes to financial statements.

CLEAN OCEAN ACTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2024

	2024			
	Program Services	Management and General	Fundraising	Total Expenses
Payroll	\$ 672,875	\$ 46,008	\$ 36,173	755,056
Payroll taxes	57,823	3,951	3,108	64,882
Employee benefits	38,009	2,597	2,043	42,649
Total payroll and benefits	768,707	52,556	41,324	862,587
Direct program expenses	51,096	-	-	51,096
Printing and publications	21,288	1,892	473	23,653
Supplies	31,544	-	-	31,544
Direct special events costs	-	-	27,800	27,800
Professional fees	20,925	12,975	-	33,900
Consultants	10,164	10,547	-	20,711
Postage and shipping	5,129	456	114	5,699
Travel	12,661	1,125	282	14,068
Maintenance and Cleaning	6,018	535	133	6,686
Utilities	3,872	344	86	4,302
Office expenses	13,840	1,384	154	15,378
Insurance	15,098	1,342	336	16,776
Telephone	932	83	21	1,036
Credit card fees	6,260	556	139	6,955
Training workshop	9,393	835	209	10,437
Payroll fees	3,545	496	130	4,171
Advertising	2,226	198	50	2,474
Dues and subscriptions	569	51	12	632
Depreciation	13,163	1,549	774	15,486
Miscellaneous	2,739	274	30	3,043
	999,169	87,198	72,067	1,158,434
Less: Direct special event costs	-	-	(27,800)	(27,800)
Total expenses	\$ 999,169	\$ 87,198	\$ 44,267	\$ 1,130,634

CLEAN OCEAN ACTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

	2023			
	Program Services	Management and General	Fundraising	Total Expenses
Payroll	\$ 579,404	\$ 53,416	\$ 16,643	\$ 649,463
Payroll taxes	50,276	4,633	1,448	56,357
Employee benefits	30,634	2,823	879	34,336
Total payroll and benefits	660,314	60,872	18,970	740,156
Direct program expenses	79,436	-	-	79,436
Printing and publications	23,625	2,188	682	26,495
Supplies	22,402	2,075	646	25,123
Direct special events costs	-	-	16,575	16,575
Professional fees	19,050	12,350	-	31,400
Postage and shipping	5,610	520	161	6,291
Travel	12,168	1,127	351	13,646
Maintenance and Cleaning	6,797	630	195	7,622
Utilities	2,799	259	81	3,139
Office expenses	8,244	764	237	9,245
Insurance	15,281	1,415	441	17,137
Telephone	2,549	236	74	2,859
Credit card fees	6,046	560	174	6,780
Training workshop	9,773	905	282	10,960
Payroll fees	4,353	403	126	4,882
Advertising	2,165	201	62	2,428
Dues and subscriptions	108	10	4	122
Depreciation	13,809	1,279	398	15,486
Miscellaneous	1,892	175	55	2,122
	896,421	85,969	39,514	1,021,904
Less: Direct special event costs	-	-	(16,575)	(16,575)
Total expenses	\$ 896,421	\$ 85,969	\$ 22,939	\$ 1,005,329

See accompanying notes to financial statements.

CLEAN OCEAN ACTION, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 118,094	\$ 109,754
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	15,486	15,486
Donated stock	(20,919)	(21,792)
Realized and unrealized (gains)	(642)	(1,277)
Change in operating assets and liabilities		
Grant receivable	(33,417)	15,408
Accrued interest	79	(33,192)
Prepaid expenses	444	(925)
Accounts payable and accrued expenses	(12,435)	6,442
Net cash provided by operating activities	<u>66,690</u>	<u>89,904</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,599,399	2,296,312
Purchase of investments	(1,695,000)	(2,689,000)
Net cash (used in) investing activities	<u>(95,601)</u>	<u>(392,688)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(28,911)	(302,784)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>552,938</u>	<u>855,722</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 524,027</u></u>	<u><u>\$ 552,938</u></u>
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Interest paid	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

CLEAN OCEAN ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Clean Ocean Action, Inc. (the “Organization”) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization – The Organization is a not-for-profit organization that works to improve the degraded water quality of the waters off the New Jersey and New York coast. The Organization identifies the sources of pollution and mounts an attack on each source by using research, education and citizen action to improve and protect the coast from pollution, plastics, industrialization, and climate change. The Organization is supported primarily through donor contributions and grants.

Tax Status and Incorporation – The Organization was incorporated under Title 15 of the revised statutes of the State of New Jersey as a not-for-profit corporation. The corporation is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for federal income taxes. The Organization has no uncertain tax positions at December 31, 2024 and 2023. Generally, in accordance with the statutes of limitations, the Organization is no longer subject to examinations by the Internal Revenue Service for returns filed prior to 2021. There have been no related tax penalties or interest classified as a tax expense in the statement of activities.

Financial Statement Presentation – The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors; net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

Revenue and Support Recognition – The Organization recognizes contributions as support when they are received or unconditionally pledged and records contributions as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified and reported in the statements of activities as net assets released from restrictions. However, the receipt of restricted contributions whose restrictions expire or are otherwise satisfied within the period of receipt are reported as unrestricted revenues in the statements of activities.

Government grants have been evaluated and are considered to be conditional non-reciprocal transactions that fall under the scope of FASB ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance-related outcomes are achieved, and other conditions under the agreements are met. Payments received in advance of the conditions being met are treated as liabilities.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized as income once the conditions have been substantially met.

Cash and Cash Equivalents – Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity (three months or less) that they present insignificant risk of changes in value because of changes in interest rates.

CLEAN OCEAN ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Promises to Give – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Grant receivable – Grant receivable is recorded at its net realizable value, which approximates fair value. Management considers the full amount of the grant receivable to be collectible within one year. Accordingly, no allowance for a doubtful account is required.

Fixed Assets and Depreciation – Items capitalized as fixed assets are carried at cost. Expenditures for additions and improvements that add to or extend the lives of assets are capitalized. Depreciation is provided for fixed assets over their estimated useful lives using the straight-line method. The Organization continually evaluates whether current events or circumstances require adjustments to the carrying value or estimated useful lives of fixed assets.

Valuation of Long-Lived Assets – In accordance with the accounting pronouncements related to accounting for the impairment or disposal of long-lived assets, the Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

Donated Services – No amounts have been reflected in the financial statements for donated services as the services did not meet the criteria for recognition. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance. The Organization has approximately 13,000 volunteers.

Functional Expenses – The costs of providing the various programs and supporting services are summarized on a functional basis in the statements of functional expenses. Expenses which may be identified with a program or supporting service activity to which they relate are directly charged. Other expenses have been allocated among program and supporting services based upon program and supporting services benefited. All expenses are allocated using time and effort.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures included in the financial statements. Accordingly, actual results could differ from those estimates.

Advertising – The Organization expenses advertising costs as incurred.

New Accounting Standard Adopted – The Organization has adopted the current expected credit losses (CECL) methodology for estimating credit losses on financial assets, effective January 1, 2023, utilizing the modified retrospective transition method. The adoption of CECL resulted in changes to the Organization's accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses. The adoption of this Standard did not have a material impact on the Organization's financial statements.

CLEAN OCEAN ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 2 – INVESTMENTS

The Organization has provided fair value disclosure information for relevant assets and liabilities in these financial statements. The Organization values such assets using quoted market prices in active markets (Level 1) for identical assets to the extent possible. To the extent possible that such markets are not available, the Organization values such assets using observable measurement criteria, including quoted market prices of similar assets in active and inactive markets and other corroborated factors (Level 2). In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Organization develops measurement criteria based on the best information available (Level 3). The following table summarizes assets which have been accounted for at fair value on a recurring basis as of December 31, 2024 and 2023, along with the basis for the determination of fair value:

		Quoted Prices In Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
<u>2024</u>	<u>Total</u>			
Certificates of deposit	\$ 1,696,919	\$ -	\$ 1,696,919	\$ -
<u>2023</u>				
Certificates of deposit	\$ 1,572,277	\$ -	\$ 1,572,277	\$ -
Equities	527	527	-	-
Exchange traded funds	6,953	6,953	-	-
	<u>\$ 1,579,757</u>	<u>\$ 7,480</u>	<u>\$ 1,572,277</u>	<u>\$ -</u>

It is the Organization's investment policy to sell any stocks or similar investments that are donated to the Organization immediately as feasible after receipt.

NOTE 3 – PROPERTY AND EQUIPMENT

Property, equipment, and accumulated depreciation at December 31, 2024 and 2023 were comprised of:

	<u>Years</u>	<u>2024</u>	<u>2023</u>
Land	-	\$ 367,400	\$ 367,400
Building	40	619,428	619,428
Equipment	5	3,457	3,457
		<u>990,285</u>	<u>990,285</u>
Less: accumulated depreciation		<u>(88,630)</u>	<u>(73,144)</u>
Net property and equipment		<u>\$ 901,655</u>	<u>\$ 917,141</u>

Depreciation expense for the years ended December 31, 2024 and 2023 were \$15,486 and \$15,486, respectively.

CLEAN OCEAN ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 4 – NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD DESIGNATED

At December 31, 2024 and 2023, the Board designated \$300,000 of cash and equivalents as operating reserves. In addition, at December 31, 2024 and 2023, the Board designated \$50,000 as reserves for construction and maintenance related to the building and property of the Organization.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2024 and 2023, net assets with donor restrictions were comprised of the following amounts:

	<u>2024</u>	<u>2023</u>
Subject to occurrence of passage of time		
General operations	\$ 50,000	\$ 50,000
Total net assets with donor restrictions	<u>\$ 50,000</u>	<u>\$ 50,000</u>

NOTE 6 – OCCUPANCY

The Organization owns and occupies a facility (building and land) at 49 Avenel Boulevard, Long Branch, New Jersey.

NOTE 7 – CONCENTRATION OF CREDIT RISK

The Organization maintained cash balances on deposit with financial institutions which from time to time may be in excess of insurable limits. The condition is mitigated by having funds deposited with high quality financial institutions and management reviews cash balances on a continual basis. The Organization does not believe that it is exposed to any significant credit risk on its cash and cash equivalents.

NOTE 8 – CONTINGENCY

The Organization was awarded a grant from the State of New Jersey. Entitlement to the resources is conditional upon compliance with the terms and conditions of the grant agreement and applicable regulations. The grant may be subject to a compliance audit by the grantor.

NOTE 9 – 2024 MAJOR SOURCES OF PUBLIC SUPPORT

The Organization received 98% of its annual income from public support. In 2024, non-grant contributions totaled 44%, corporations totaled 13%, and private foundations totaled 41%. The remaining 2% of the 2024 annual income was a grant awarded by the NJ Department of Environmental Protection to track down and eliminate water pollution.

CLEAN OCEAN ACTION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 10 – 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 within one year of the statement of financial position date because of contractual or donor-imposed restrictions. At December 31, 2024 and 2023, the Board has designated \$350,000 of funds without donor restrictions as operating reserves and construction and maintenance reserves:

	<u>2024</u>	<u>2023</u>
Cash and equivalents	\$ 524,027	\$ 552,938
Grant receivable	83,427	50,010
Investments	1,696,919	1,579,757
Accrued interest	35,465	35,544
Total financial assets	<u>2,339,838</u>	<u>2,218,249</u>
Contractual or donor-imposed restrictions	(50,000)	(50,000)
Reserves	<u>(350,000)</u>	<u>(350,000)</u>
Financial assets available to meet cash needs for general expenditures withing one year	<u>\$ 1,939,838</u>	<u>\$ 1,818,249</u>

NOTE 13- RECLASSIFICATIONS

Certain expenses in the 2023 financial statements have been reclassified to make them comparable to 2024.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 23, 2025, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.