

**WHALE AND DOLPHIN CONSERVATION, INC.**  
(a nonprofit corporation)

FINANCIAL STATEMENTS

For the Years Ended September 30, 2022 and 2021

# WHALE AND DOLPHIN CONSERVATION, INC.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Whale and Dolphin Conservation, Inc.  
Plymouth, Massachusetts

### ***Opinion***

We have audited the accompanying financial statements of Whale and Dolphin Conservation, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, 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 Whale and Dolphin Conservation, Inc. as of September 30, 2022 and 2021, 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 to the Audit of the Financial Statements section of our report. We are required to be independent of Whale and Dolphin Conservation, 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 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 Whale and Dolphin Conservation, 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 Responsibility 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.

***Auditor's Responsibility for the Audit of the Financial Statements (Continued):***

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 Whale and Dolphin Conservation, 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 Whale and Dolphin Conservation, 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.

West Chatham, Massachusetts  
January 18, 2023

# WHALE AND DOLPHIN CONSERVATION, INC.

## Statements of Financial Position

September 30, 2022 and 2021

### ASSETS

	2022	2021
Current Assets:		
Cash and cash equivalents	\$ 401,473	\$ 366,572
Investments	149,294	300,004
Contributions receivable, net	22,975	9,281
Due from affiliates	868	-
Prepaid expenses	12,915	5,922
Total Current Assets	<u>587,524</u>	<u>681,778</u>
Noncurrent Assets:		
Property and equipment, net	103,245	65,822
Total Noncurrent Assets	<u>103,245</u>	<u>65,822</u>
Total Assets	<u>\$ 690,768</u>	<u>\$ 747,600</u>

### LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable and accrued expense	\$ 15,551	\$ 22,358
Loan payable - current portion	-	1,078
Total Current Liabilities	<u>15,551</u>	<u>23,436</u>
Long-Term Liabilities:		
Loan payable - noncurrent portion	150,000	148,922
Total Long-Term Liabilities:	<u>150,000</u>	<u>148,922</u>
Total Liabilities	<u>165,551</u>	<u>172,358</u>
Net Assets:		
Without donor restrictions	372,698	325,234
With donor restrictions	152,519	250,008
Total Net Assets	<u>525,217</u>	<u>575,242</u>
Total Liabilities and Net Assets	<u>\$ 690,768</u>	<u>\$ 747,600</u>

The accompanying notes are an integral part of these financial statements



## WHALE AND DOLPHIN CONSERVATION, INC.

### Statements of Functional Expenses

For the Years Ended September 30, 2022 and 2021

	2022			
	Program	Management and General	Fund-Raising	Total
Salaries, payroll taxes and benefits	\$ 638,741	\$ 45,692	\$ 45,410	\$ 729,843
Grants and other assistance	55,675	-	-	55,675
Fees	4,522	185	30,175	34,882
Postage and printing	41,496	3,637	4,911	50,044
Professional services	19,025	4,126	4,082	27,233
Rent expense	30,301	2,072	2,072	34,445
Bank and processing charges	4,245	1,612	2,351	8,208
Travel and meeting expenses	23,196	95	-	23,291
Telecommunications	4,613	1,959	359	6,931
Internet access/website	1,736	-	11,910	13,646
Auto	2,280	-	20	2,300
Business expenses	-	-	4,397	4,397
Utilities	4,786	326	326	5,438
Miscellaneous	5,527	4,372	147	10,046
Dues and subscriptions	-	282	-	282
Supplies	3,241	1,987	1,625	6,853
Small equipment	12,165	-	-	12,165
Insurance	8,554	569	548	9,671
Depreciation	11,262	445	445	12,152
Equipment - rental	2,646	6	6	2,658
Total Functional Expenses	\$ 874,011	\$ 67,365	\$ 108,784	\$ 1,050,160

	2021			
	Program	Management and General	Fund-Raising	Total
Salaries, payroll taxes and benefits	\$ 516,601	\$ 45,692	\$ 45,410	\$ 607,703
Grants and other assistance	70,703	-	-	70,703
Fees	4,477	185	35,072	39,734
Postage and printing	35,883	3,637	4,911	44,431
Professional services	17,325	4,126	4,082	25,533
Rent expense	24,176	2,072	2,072	28,320
Bank and processing charges	5,006	1,612	2,351	8,969
Travel and meeting expenses	10,500	95	-	10,595
Telecommunications	5,608	1,959	359	7,926
Internet access/website	2,342	-	11,910	14,252
Auto	183	-	20	203
Business expenses	-	-	4,397	4,397
Utilities	3,690	326	326	4,342
Miscellaneous	2,649	4,372	147	7,168
Dues and subscriptions	564	303	532	1,399
Supplies	16,422	1,989	1,625	20,036
Small equipment	-	-	-	-
Insurance	5,784	570	548	6,902
Depreciation	5,051	445	445	5,941
Equipment - rental	411	6	6	423
Total Functional Expenses	\$ 727,375	\$ 67,389	\$ 114,213	\$ 908,977

The accompanying notes are an integral part of these financial statements

# WHALE AND DOLPHIN CONSERVATION, INC.

## Statements of Cash Flows

For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (50,025)	\$ (32,861)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	12,152	5,941
EIDL advance forgiveness	-	(8,000)
Realized and unrealized (gains) losses on investment	709	-
Change in operating assets:		
Prepaid expense	(6,993)	(4,078)
Contributions receivable, net	(13,693)	4,952
Due from affiliates	(868)	-
Change in operating liabilities:		
Accounts payable and accrued expenses	(6,806)	3,758
Net Cash Provided by (Used in) Operating Activities	<u>(65,524)</u>	<u>(30,287)</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(49,575)	(34,606)
Proceeds from sales of investments	350,000	1,727
Purchases of investments	(200,000)	(1,101)
Net Cash Provided by (Used in) Investing Activities	<u>100,425</u>	<u>(33,980)</u>
Net Change in Cash and Cash equivalents	34,901	(64,267)
Cash and Cash Equivalents, Beginning of Year	<u>366,572</u>	<u>430,839</u>
Cash and Cash Equivalents, End of Year	<u>\$ 401,473</u>	<u>\$ 366,572</u>
Supplemental Disclosure of Cash Flow Information:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements



## WHALE AND DOLPHIN CONSERVATION, INC.

### Notes to Financial Statements

For the Years Ended September 30, 2022 and 2021

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

##### Organization

Whale and Dolphin Conservation, Inc. (the Organization) is a subsidiary of Whale and Dolphin Conservation (WDC UK) located in the United Kingdom, and is a tax exempt, nonprofit organization incorporated under the General Laws of the Commonwealth of Massachusetts on September 12, 2005. The organization exists to preserve, protect, rescue and rehabilitate aquatic mammals and their habitats through various programs, scientific research and public education.

##### Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S.GAAP).

##### Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions.

*Net Assets With Donor Restrictions*: Net assets subject to donor- (or certain grantor-) 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. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a 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 statements of activities as net assets released from restrictions. The Organization reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released when received and released from restrictions when the assets are placed in service.

##### Income Taxes

The Organization is organized as Massachusetts nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organization described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundation under IRC Sections 509(a)(1) and (3), respectively. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

##### Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

## WHALE AND DOLPHIN CONSERVATION, INC.

### Notes to Financial Statements

For the Years Ended September 30, 2022 and 2021

#### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

##### Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of the donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gain and losses, less external and direct internal investment expenses.

##### Revenue Recognition

The Organization recognizes contributions, grants, legacies and bequests when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Grants are considered non reciprocal transactions or contributions that further the programs of the Organization. Accordingly, revenue is recorded upon receipt of the notification of grant award, or, if conditions for performance is imposed, revenue is recognized when conditions have been met.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place. The Organization has determined that special events are incidental to its operations and therefore the direct costs of benefits to the donors is reported with fundraising expense and is not included with special events revenue. All goods and services are transferred at a point in time.

Substantially all of the Organization's revenue is derived from its activities in Massachusetts. For the years ended September 30, 2022 and 2021, the Organization derived approximately 96% and 99%, respectively, of its total revenue from foundations and individual donors.

##### Contributions Receivables

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. As of September 30, 2022 and 2021 management has determined that any allowances would be immaterial.

As of September 30, 2022 and 2021, 100% of the entire Organization's contributions receivable balance is due from individuals and foundations and is expected to be collected in one year or less.

##### Fundraising

Fundraising relates to the activities of raising general and specific contributions to the Organization and promoting special events. Fundraising expenses as a percentage of the total contribution and special event revenue were 11% and 13% for the years ended September 30, 2022 and 2021, respectively. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

# WHALE AND DOLPHIN CONSERVATION, INC.

## Notes to Financial Statements

For the Years Ended September 30, 2022 and 2021

### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

#### Property and Equipment

The Organization records property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 10 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended September 30, 2022 and 2021, respectively.

#### Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis. The expenses that are allocated include depreciation, rent and insurance, which are allocated on a square footage basis, as well as supplies, salaries, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort.

#### In-Kind Contributions

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Organization does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended September 30, 2022 and 2021.

#### Compensated Absences

Compensated absences have not been accrued because the amount cannot be reasonably estimated.

#### Advertising

Advertising costs are expensed as incurred. Advertising expense was \$7,202 and \$3,689 for the years ended September 30, 2022 and 2021, respectively.

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

## WHALE AND DOLPHIN CONSERVATION, INC.

### Notes to Financial Statements

For the Years Ended September 30, 2022 and 2021

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

##### Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization have not experienced losses in any of these accounts. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from donors supportive to the Organization's mission. Investments are made by diversified investment managers whose performance is monitored by the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

##### Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

#### NOTE B - NET ASSETS WITH DONOR RESTRICTIONS:

All net assets with donor restrictions are restricted for specific purposes and were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors as follows for the years ended September 30, 2022 and 2021:

	2022			
	2021	Contributions	Net Assets Released	2022
Subject to expenditures for specified purpose:				
Marine animal rescue	\$ 104,392	\$ 30,050	\$ 40,003	\$ 94,439
Research on fishing entanglement	145,616	147,969	235,505	58,080
	\$ 250,008	\$ 178,019	\$ 275,508	\$ 152,519

	2021			
	2020	Contributions	Net Assets Released	2021
Subject to expenditures for specified purpose:				
Marine animal rescue	\$ 139,653	\$ 70	\$ 35,331	\$ 104,392
Research on fishing entanglement	138,076	321,033	313,493	145,616
Other	344	-	344	-
	\$ 278,073	\$ 321,103	\$ 349,168	\$ 250,008

## WHALE AND DOLPHIN CONSERVATION, INC.

### Notes to Financial Statements

For the Years Ended September 30, 2022 and 2021

#### NOTE C – INVESTMENT RETURN, FAIR VALUE MEASUREMENTS AND DISCLOSURES (Continued):

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumption about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in market that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset or liability. In these situations, inputs using the best information available in the circumstances are developed.

The majority of Organization's investments comprised of CDs traded in the financial market. Those CDs are valued by the custodians of the securities using price models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2.

The following tables present assets measured at fair market value on a recurring basis at September 30:

	2022			
	Fair Value Measurements at Report Data Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Asset Category</b>				
Investments:				
Certificates of deposit	\$ 149,294	\$ -	\$ 149,294	\$ -
Total	\$ 149,294	\$ -	\$ 149,294	\$ -

## WHALE AND DOLPHIN CONSERVATION, INC.

### Notes to Financial Statements

For the Years Ended September 30, 2022 and 2021

#### NOTE C – INVESTMENT RETURN, FAIR VALUE MEASUREMENTS AND DISCLOSURES (Continued):

Asset Category	2021			
	Fair Value Measurements at Report Data Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Certificates of deposit	\$ 300,004	\$ -	\$ 300,004	\$ -
Total	\$ 300,004	\$ -	\$ 300,004	\$ -

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

Investment return consists of the following for the years ended September 30:

	2022	2021
Interest and dividends	\$ 313	\$ 1,175
Realized and unrealized gain/(loss)	(709)	-
Total	\$ (396)	\$ 1,175

#### NOTE D - LIQUIDITY AND AVAILABILITY:

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	\$ 401,473	\$ 366,572
Investments	149,294	300,004
Due from affiliates	868	-
Contributions receivable, net	22,975	9,281
	574,609	675,856
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with purpose restrictions	152,519	250,008
Financial assets available to meet general expenditures over the next twelve months:	\$ 422,090	\$ 425,848

## WHALE AND DOLPHIN CONSERVATION, INC.

### Notes to Financial Statements

For the Years Ended September 30, 2022 and 2021

#### NOTE D - LIQUIDITY AND AVAILABILITY (Continued):

The Organization is partially supported by restricted contributions. Because a donor's restriction requests resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus certain financial assets may not be available for general expenditure within one year, although they may be spent within the year within the requests set out by the donor. As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Based on analysis of revenue categories and cycles, the Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$262,000. The Organization has a policy to structure its financial assets to be available as its general expenditure, liabilities and other obligations come due.

The Organization is a subsidiary of WDC (UK). In the event of an unanticipated liquidity need, WDC (UK) can provide short term loans to the Organization.

During the years ended September 30, 2022 and 2021, the level of liquidity was managed within the policy requirements.

#### NOTE E - OPERATING LEASE COMMITMENTS

The Organization occupies office space in Plymouth, Massachusetts as a tenant-at-will. Rent expense was \$29,295 and \$26,510 for the years ended September 30, 2022 and 2021, respectively.

The Organization has a noncancelable operating lease for office equipment which expires in November 27, 2026 and requires a monthly payment of \$199.

At September 30, future minimum lease payments in the aggregate are as follows:

Year	Amount
2023	\$ 2,388
2024	2,338
2025	2,338
2026	2,388
2027	398
	<u>\$ 9,850</u>

#### NOTE F - RELATED PARTY TRANSACTIONS:

The Organization is related to WDC (UK) by virtue of common Board members. There are multiple intercompany transactions (contributions and grants) between the Organization and WDC (UK), entered into during the normal course of business which include recording receivables and payables between both organizations. At September 30, 2022 and 2021 the Organization has an intercompany receivable from WDC (UK), due from affiliates, in the amount of \$868 and \$0, respectively. The amount has been classified as current assets on the statements of financial position.

## WHALE AND DOLPHIN CONSERVATION, INC.

### Notes to Financial Statements

For the Years Ended September 30, 2022 and 2021

#### NOTE F - RELATED PARTY TRANSACTIONS (Continued):

At September 30, 2022 and 2021, the Organization has a license agreement with WDC (UK), which permit the Organization to use licensed properties which include intellectual property rights, educational programs, promotional materials, media presentations, and other proprietary documents and information of WDC (UK). The Organization pays a license fee of \$10 annually. The term of the agreement is for one year and renews automatically each year until one of the parties terminates the agreement.

The office lease as described in Note E is with an individual who is the spouse of the Executive Director. The rent paid in relation to this arrangement was \$29,295 and \$26,510 for the years ended September 30, 2022 and 2021, respectively.

#### NOTE G - EMPLOYEE RETENTION CREDIT:

The CARES Act provides an employee retention credit (ERC) subject to certain conditions such as meeting the rules for a decline in gross receipts and incurring qualified expenses (payroll costs). ERC is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$10,000 of qualified wages per quarter. The Organization substantially met the conditions for the tax credit under the CARES Act and expects to continue to receive tax credits under the additional relief provisions for qualified wages through December 31, 2021. During the fiscal years ended September 30, 2022 and 2021, the Organization recorded \$126,644 and \$0, respectively, related to the CARES ERC in "Contributions and grants" on the Organization's statements of activities. As of September 30, 2022 and 2021, the Organization has a \$0 and \$0, respectively, receivable balance from the United States government related to the CARES Act.

#### NOTE H - LOAN PAYABLE

Under the CARES Act, the Organization received an Economic Injury Disaster Loan (EIDL) Advance in the amount of \$8,000 that does not have to be repaid. This amount has been recognized as revenue in "Contributions and grants" in 2021 financial statements.

On June 13, 2020 under the CARES Act, the Organization received from the Small Business Administration (SBA) Economic Injury Disaster Loan (EIDL) in the amount of \$150,000. The loan is for thirty (30) years with final payment due on June 13, 2050. The loan is bearing interest at 2.75%. The loan is payable in monthly installments of \$641, including interest, and is collateralized by all tangible and intangible personal property. Each payment will be applied first to interest accrued to date of receipt, and the balance, if any, will be applied to principal. Installment payments will begin 30 months from the date of the promissory note.

Loan maturities for each of the five years following September 30, 2022, are as follows:

2023	\$	-
2024		3,980
2025		3,425
2026		3,520
2027		3,618
Thereafter		135,457
	\$	<u>150,000</u>



## WHALE AND DOLPHIN CONSERVATION, INC.

### Notes to Financial Statements

For the Years Ended September 30, 2022 and 2021

#### NOTE I - EMPLOYEE BENEFITS:

The Organization participates in the Massachusetts Defined Contribution CORE Plan. The CORE Plan is a 401(k) retirement plan offered to all WDC employees who have completed their 90 day probationary period of employment. Employees who choose to participate have the option of contributing either before-tax dollars on a monthly basis, or making Roth contributions with after-tax dollars. An employee may contribute up to 90% of their eligible compensation (for federal income tax purposes), or the maximum amount allowed by IRS, whichever is less.

The Organization has chosen as of January 1, 2021 to begin making non-elective contributions to the account of each eligible employees in the amount of 3% of each employees' eligible compensation, regardless of whether the eligible employee makes elective deferrals to the CORE Plan. The Organization contributed to the CORE Plan \$17,405 and \$10,732 for the years ended September 30, 2022 and 2021, respectively.

#### NOTE J - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following at September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Equipment and software	93,734	44,159
Vehicles	58,965	58,965
	<u>152,699</u>	<u>103,124</u>
Less accumulated depreciation and amortization	<u>(49,455)</u>	<u>(37,303)</u>
	<u>\$ 103,245</u>	<u>\$ 65,822</u>

#### NOTE K - CONTINGENCY:

Management is currently evaluating the impact of the COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization's financial position and results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

#### NOTE L - SUBSEQUENT EVENTS:

The Organization has evaluated subsequent events through January 18, 2023, the date the financial statements were available to be issued.