



Global Fishing Watch

GLOBAL FISHING WATCH, INC. AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

GLOBAL FISHING WATCH, INC. AND AFFILIATE

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Global Fishing Watch, Inc. and Affiliate

Opinion

We have audited the consolidated financial statements of Global Fishing Watch, Inc. and Global Fishing Watch UK (collectively “the Organization”), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2023, 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 (“GAAS”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization’s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Marcum LLP

Washington, DC
May 16, 2024

GLOBAL FISHING WATCH, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

Assets	
Cash and cash equivalents	\$ 4,164,208
Investments	27,277,211
Grants receivable, net	36,663,292
Prepaid expenses	516,419
Property and equipment, net	9,514
Deposits	<u>147,443</u>
Total Assets	\$ <u>68,778,087</u>
Liabilities and Net Assets	
Liabilities	
Accounts payable	\$ 495,338
Accrued payroll benefits	307,233
Grants payable	368,638
Contract liabilities	<u>100,198</u>
Total Liabilities	<u>1,271,407</u>
Net Assets	
Without donor restrictions	25,586,993
With donor restrictions	<u>41,919,687</u>
Total Net Assets	<u>67,506,680</u>
Total Liabilities and Net Assets	\$ <u>68,778,087</u>

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

GLOBAL FISHING WATCH, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 25,051,226	\$ 43,560,865	\$ 68,612,091
In-kind donations	1,244,275	--	1,244,275
Fee for service	312,744	--	312,744
Investment income	819,820	107,051	926,871
Other income	6,252	--	6,252
Foreign currency transaction losses	25,408	--	25,408
Net assets released from purpose restriction	9,463,804	(9,463,804)	--
Net assets released from time restrictions	120,870	(120,870)	--
Total Revenue and Support	37,044,399	34,083,242	71,127,641
Expenses			
Transparency at sea and stakeholder engagement	5,457,624	--	5,457,624
Ocean Monitoring and Visualization	4,029,823	--	4,029,823
Research and Innovation	2,757,259	--	2,757,259
Total Program Services	12,244,706	--	12,244,706
General and administrative	1,971,756	--	1,971,756
Fundraising	169,641	--	169,641
Total Supporting Services	2,141,397	--	2,141,397
Total Expenses	14,386,103	--	14,386,103
Change in Net Assets	22,658,296	34,083,242	56,741,538
Net Assets, Beginning of Year	2,928,697	7,836,445	10,765,142
Net Assets, End of Year	\$ 25,586,993	\$ 41,919,687	\$ 67,506,680

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

GLOBAL FISHING WATCH, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

	Transparency at Sea and Stakeholder Engagement	Ocean Monitoring and Visualization	Research and Innovation	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Wages	\$ 2,054,480	595,238	\$ 1,277,327	\$ 3,927,045	\$ 875,819	\$ 110,839	\$ 986,658	\$ 4,913,703
Program consultants	874,403	1,467,554	310,031	2,651,988	143,037	--	143,037	2,795,025
In-kind technical support	109,893	1,134,382	--	1,244,275	--	--	--	1,244,275
Benefits and payroll taxes	509,500	140,814	312,824	963,138	212,346	25,855	238,201	1,201,339
Grants to others	386,687	66,110	656,676	1,109,473	--	--	--	1,109,473
Professional fees	539,670	45,500	54,081	639,251	342,863	21,815	364,678	1,003,929
Travel	465,868	111,508	62,484	639,860	157,508	9,031	166,539	806,399
Data licenses and support	203,197	432,104	32,017	667,318	9,375	--	9,375	676,693
Office operations	72,508	26,323	31,239	130,070	157,238	2,101	159,339	289,409
Marketing, content and website	241,418	10,290	20,580	272,288	4,548	--	4,548	276,836
Insurance	--	--	--	--	57,369	--	57,369	57,369
Depreciation	--	--	--	--	11,653	--	11,653	11,653
Total	<u>\$ 5,457,624</u>	<u>\$ 4,029,823</u>	<u>\$ 2,757,259</u>	<u>\$ 12,244,706</u>	<u>\$ 1,971,756</u>	<u>\$ 169,641</u>	<u>\$ 2,141,397</u>	<u>\$ 14,386,103</u>

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

GLOBAL FISHING WATCH, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

Cash Flows From Operating Activities

Change in Net Assets	\$ 56,741,538
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	11,653
Loss on disposal of property and equipment	4,044
Discount on grants receivable	3,999,674
Net realized and unrealized investment gains	(404,589)
Changes in assets and liabilities:	
Grants receivable	(36,862,797)
Accounts receivable	11,043
Prepaid expenses	(201,565)
Deposits	(42,061)
Accounts payable	131,787
Accrued payroll benefits	72,389
Grants payable	7,238
Contract liabilities	<u>(96,369)</u>

Net Cash Provided by Operating Activities 23,371,985

Cash Flows From Investing Activities

Proceeds from sale of investments	77,643,554
Purchases of investments	<u>(104,516,176)</u>

Net Cash Used In Investing Activities (26,872,622)

Net Decrease in Cash and Cash Equivalents (3,500,637)

Cash and Cash Equivalents, Beginning of Year 7,664,845

Cash and Cash Equivalents, End of Year \$ 4,164,208

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

GLOBAL FISHING WATCH, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ORGANIZATION

Global Fishing Watch, Inc. (“GFW”) was organized in 2017 as a nonprofit corporation committed to advancing the sustainability of the oceans through increased transparency. By harnessing cutting-edge technology, the mapping platform provides a powerful tool for ocean governance, empowering anyone to view or download data. Technology partners are central to achieving the mission to accelerate innovation and deliver actionable insights to increase transparency in commercial fishing and the sustainable management of the oceans. These activities are funded primarily by grants and contributions and in-kind donations.

Global Fishing Watch UK was organized in 2023 as a charitable incorporated organization. There was no activity in this entity during the year ended December 31, 2023.

In 2023, Global Fishing Watch launched The Open Ocean Project to expand our platform and reveal the full extent of human activity at sea. Funding was provided through the Audacious Prize’s funding collaborative, which committed to funding this project with \$60,000,000 over five years. Focusing on illegal and destructive fishing will empower those who manage and depend on the ocean to take action to secure a healthy and productive marine environment. This initiative will dramatically increase the visibility of human activity at sea, which in turn can help fight illegal fishing, protect fish stocks, and enable more sustainable development of the ocean.

BASIS OF ACCOUNTING

The Organization prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”), which involves the application of accrual accounting; consequently, revenue and support are recognized when earned, and expenses are recognized when incurred.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of GFW and Global Fishing Watch UK (collectively referred to as “the Organization”). GFW and Global Fishing Watch UK have been consolidated, as required under accounting principles generally accepted in the United States of America (“GAAP”), due to the presence of a controlling interest in Global Fishing Watch UK by GFW. All intercompany transactions have been eliminated in consolidation.

CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.

GLOBAL FISHING WATCH, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

Investments consist of certificate of deposits and fixed-income government securities. Investments are reported at fair value in the accompanying consolidated 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 between market participants at the measurement date. The change in unrealized appreciation or depreciation of investments and realized gains and losses on sales of investments are included in investment income in the accompanying consolidated statement of activities.

FAIR VALUE MEASUREMENT

In accordance with the accounting standards for fair value measurement for those assets and liabilities measured at fair value on a recurring basis, the Organization has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of December 31, 2023, only the Organization's investments, as described in Note 2 of these consolidated financial statements, were measured at fair value on a recurring basis.

ACCOUNTS RECEIVABLE AND CREDIT POLICIES

Accounts receivable consist of amounts due under contracts or other exchange transactions and are recorded at net realizable value. At each consolidated statement of financial position date, the Organization recognizes an expected allowance for credit losses using the loss rate

GLOBAL FISHING WATCH, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE AND CREDIT POLICIES (CONTINUED)

method, which takes into account management's historical collection experience, adjusted for management's expectations. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk and future economic conditions since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. At December 31, 2023, the allowance for credit losses was \$0. Accounts receivable as of January 1, 2023 was \$11,043.

GRANTS RECEIVABLE

Grants receivable are uncollateralized obligations that do not accrue interest. Legally enforceable unconditional grants less an allowance for uncollectible amounts are recorded as grant revenue and grant receivables in the year made. The Organization provides an allowance for doubtful accounts as needed, for amounts deemed uncollectible. The allowance is based on historical experience and management's analysis of grants receivable. No allowance for uncollectible accounts is provided for the grants receivable because management does not deem it necessary based on collection experience. Payments received after one year from the Organization's year-end are discounted at the present value and the grants receivable and revenue are recorded at their net realizable value.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost if purchased or fair value at date of gift. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized. The Organization capitalizes all property and equipment greater than \$5,000 with a useful life of more than one year.

The cost of, or fair value of, property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method. The Organization's property and equipment consists mostly of equipment with a useful life of five years. Depreciation expense was \$11,653 for the year ended December 31, 2023.

GRANT EXPENSE RECOGNITION AND GRANTS PAYABLE

The Organization makes grants to other organizations based on the agreed upon terms of the sub-grant agreements and are recorded as an expense and related liability when committed unconditionally to the grantee. All grants are payable within one year and as such, are not discounted to net present value.

GLOBAL FISHING WATCH, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CLASSIFICATION OF NET ASSETS

The net assets of the Organization are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of the Organization at the discretion of the Organization’s management and the Board of Directors.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for specific periods of time. These donor restrictions can be temporary in nature in that they will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of December 31, 2023, the Organization had no net assets with donor restrictions that are required to be maintained in perpetuity.

REVENUE RECOGNITION

The Organization reports unconditional grants and contributions of cash and other assets as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets to a particular purpose or to a specific period of time. When the stipulated time restriction ends or the purpose of the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

Unconditional contributions and grants without donor restrictions are reported as revenue in the year in which payments are received and/or unconditional promises to give are made. Revenue recognized on unconditional contributions and grants for which the cash has not been received from the donor as of year-end is reflected as grants receivable in the accompanying consolidated statement of financial position.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates appropriate for the expected term of the promise to give. Amortization of the discount is included in grants and contributions revenue in the accompanying consolidated statement of activities. 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.

GLOBAL FISHING WATCH, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

The Organization also has fee for service contracts with certain private companies in exchange for services. These contracts contain a single performance obligation, and revenue under these contracts is recognized at the point in time as the customer receives the benefit from the services, and there is an enforceable right to payment. Contract payments received but not yet expended for the purpose of these contracts are reflected as contract liabilities in the accompanying consolidated statement of financial position. Contract liabilities at January 1, 2023 were \$196,567.

IN-KIND DONATIONS

Nonfinancial contributions (gifts-in-kind) are recognized as both support and expenses in the accompanying consolidated statement of activities at the estimated fair value at the date of donation. In-kind contributions include donated professional services.

INCOME TAXES

The Organization is exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, the Organization is taxed only on its net unrelated business income. No provision for income taxes was made for the year ended December 31, 2023, as the Organization did not have any significant net unrelated business income.

Global Fishing Watch UK is recognized as a charitable incorporated organization under the laws of England and Wales.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Financial Accounting Standards Board (the “FASB”) Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity’s consolidated financial statements and prescribe a threshold of “more likely than not” for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertainty in income taxes for the year ended December 31, 2023, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status.

As of December 31, 2023, the statute of limitations for certain tax years remained open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. However, no examinations are currently pending or in progress. It is the Organization’s policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in interest or income tax expense.

GLOBAL FISHING WATCH, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program and/or supporting service, such as certain salaries, payroll taxes and benefits, are allocated directly according to their natural expenditure classification. Other indirect expenses are allocated on an equitable basis based on direct salary expenses.

FOREIGN CURRENCY TRANSACTIONS

The Organization employs individuals outside of the United States who are paid using the functional currency of the British Pound Sterling. Foreign financial activities are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing tax laws, possible limitations on foreign investment and income repatriation, government price or foreign exchange controls, and restrictions on currency exchange. Net assets of foreign accounts are less than 1% of the Organization's total net assets.

The Organization conducts many of its programs in foreign countries and, accordingly, transacts in the local currencies of those countries. These foreign currency transactions are translated into U.S. dollars at the appropriate exchange rates when each transaction is executed. The resulting gain or loss is reflected in the accompanying consolidated statement of activities as other income or loss. The U.S. dollar is considered the functional and reporting currency of the Organization.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NEW ACCOUNTING PRONOUNCEMENT

In June 2016, the FASB issued guidance (“FASB ASC 326”), *Current Expected Credit Losses*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most

GLOBAL FISHING WATCH, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING PRONOUNCEMENT (CONTINUED)

significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the consolidated financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were trade receivables. The Organization adopted the standard effective January 1, 2023. The adoption of the standard was not considered material to the consolidated financial statements and primarily resulted in enhanced disclosures.

NOTE 2 – INVESTMENTS

The following table summarizes the Organization's investments, measured at fair value on a recurring basis, as of December 31, 2023:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificate of deposit U.S. Government securities	\$ 3,029,110 <u>24,248,101</u>	\$ - <u>-</u>	\$ 3,029,110 <u>24,248,101</u>	\$ - <u>-</u>
Total Investments Measured in the Fair Value Hierarchy	<u>\$ 27,277,211</u>	<u>\$ -</u>	<u>\$ 27,277,211</u>	<u>\$ -</u>

The Organization used the following methods and significant assumptions to estimate fair value:

Certificate of deposits – Valued at cost plus accrued interest.

U.S. Government securities – Value is determined by the investment custodian using an outside data and pricing company that uses a market approach and spreads based on the credit risk of the issuer, maturity, current yield, trading frequency and other terms and conditions of each security. Management believes the estimates to be reasonable approximation of the fair value of the investments.

GLOBAL FISHING WATCH, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 3 – GRANTS RECEIVABLE

As of December 31, 2023, contributors to the Organization had unconditionally promised to give \$36,663,292 to be used for particular programs and general support in the coming years.

As of December 31, 2023, the Organization had conditional contributions in the amount of \$600,000 and intentions to give in the amount of \$8,245,000 that have not been recognized as the conditions upon which they depend had not been met or they were only intentions to give from donor advised funds.

All amounts were considered fully collectible and were due as follows:

Due within one year	\$ 12,422,003
Due in one to five years	<u>28,308,609</u>
Total Grants Receivable	40,730,612
Less: Present Value Component (7.50% – 8.50%)	<u>(4,067,320)</u>
Accounts and Grants Receivable, Net	<u>\$ 36,663,292</u>

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2023, consist of grant funding which has been restricted for a specific or limited period of time and/or stated purpose are available for the following purposes:

Subject to expenditure for specified purpose:	
Transparency	\$ 5,625,173
Open ocean	3,984,416
Mediterranean program	2,048,077
Analytical cell	1,591,231
Human rights	1,413,488
Vessel viewer	744,900
Capacity building tools and training	558,990
Marine manager	73,060
Product	50,950
Marine reserves	26,000
Research	<u>6,644</u>
Total Subject to Expenditure for Specified Purpose	<u>16,122,929</u>
Subject to passage of time:	
General operating support for future periods	<u>25,796,758</u>
Total Subject to Passage of Time	<u>25,796,758</u>
Total Net Assets With Donor Restrictions	<u>\$ 41,919,687</u>

GLOBAL FISHING WATCH, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 5 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve its funds. As of December 31, 2023, the Organization’s financial assets available within one year of the consolidated statement of financial position date for general expenditures were as follows:

Cash and cash equivalents	\$ 4,164,208
Grants receivable due within one year of the consolidated statement of financial position date	12,422,003
Investments	<u>27,277,211</u>
Total Financial Assets	43,863,422
Less:	
Net assets with donor purpose restrictions	<u>(16,122,929)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 27,740,493</u>

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and grants receivable, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Organization throughout the year. This is accomplished through monitoring and reviewing the Organization’s cash flow needs on a regular basis. As a result, management is aware of the Organization’s cash flow needs and is, therefore, able to ensure that there is cash available to meet current liquidity needs. Under the direction of the Board of Directors, management strives to retain an operating reserve with no restrictions equal to six months of forward expected spending. As part of its liquidity plan, excess cash is invested in Federal Deposit Insurance Corporation (“FDIC”) insured interest-bearing bank accounts.

NOTE 6 – COMMITMENTS AND RISKS

CONCENTRATIONS OF CREDIT RISK

The Organization’s cash and cash equivalents are composed of amounts in accounts at various financial institutions. While the amount, at times, exceeds the amount guaranteed by the FDIC and, therefore, bears some risk, the Organization has not experienced, nor does it anticipate, any loss of funds. As of December 31, 2023, the amount in excess of the FDIC insured limit was approximately \$2,992,000. As of December 31, 2023, the Organization maintained approximately \$1,032,000 in cash and cash equivalents in accounts not denominated in U.S. currency and hence subject to foreign currency exchange gain or loss.

GLOBAL FISHING WATCH, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 6 – COMMITMENTS AND RISKS (CONTINUED)

CONCENTRATIONS OF RISK

For the year ended December 31, 2023, the Organization received unconditional contributions of approximately \$64,908,000 from ten donors, which represents 95% of the total grants and contributions recognized. As of December 31, 2023, six donors owed the Organization approximately \$32,332,000, which represents 88% of the grants receivable outstanding at year-end.

NOTE 7 – EMPLOYEE BENEFIT PLANS

The Organization participates in a defined contribution plan for its employees who are at least 21 years of age. The Organization matches employee contributions up to 5% of salary for eligible employees as defined by the plan agreement. Pension expense totaled \$188,939 for the year ended December 31, 2023.

NOTE 8 – RELATED PARTY TRANSACTIONS

The Organization entered into sub-grant agreements with two of its founding partners. One agreement was in the amount of \$54,621 and was fully paid as of December 31, 2023. The second agreement is a conditional grant agreement whereby \$497,624 was recognized during the year and \$248,812 remains payable as of December 31, 2023. In addition, \$1,998,511 has been conditionally promised and has not been recognized as the conditions have not yet been met. An executive level employee of the founding partner is also a member of the Organization's Board of Directors and Audit Committee.

All parties adhere to the Organization's Conflicts of Interest policy and get approval from the Board of Directors on any potential related party transactions. In addition, the Organization instituted a Conflicts of Interest Disclosure documentation process, which is completed annually by each Officer and Director.

NOTE 9 – DONATED SERVICES

Donated services are recognized if the services received create or enhance long-lived assets or require specialized skills, that are provided by individuals possessing those skills and would typically need to be purchased if not donated.

During the year ended December 31, 2023, the Organization received donated professional services which included cloud computing and advertising totaling \$1,244,275. The donated professional services are recorded at the estimated fair value based on estimated data usage rates that are charged by the provider. There were no donor-imposed restrictions associated with the donated services. All of the donated services are used by the Organization's programs.

GLOBAL FISHING WATCH, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 10 – SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated events and transactions, for potential recognition or disclosure, through May 16, 2024, the date the consolidated financial statements were available to be issued. There were no subsequent events requiring adjustment or disclosure.