

**RESPONSIBLE OFFSHORE SCIENCE ALLIANCE**

**FINANCIAL STATEMENTS**

**December 31, 2021 and 2020**

RESPONSIBLE OFFSHORE SCIENCE ALLIANCE  
FINANCIAL STATEMENTS  
December 31, 2021 and 2020

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	5-6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8-11

# GERMAN, VREELAND & ASSOCIATES, LLP

## CERTIFIED PUBLIC ACCOUNTANTS

JEFFREY M. GERMAN, MBA, CPA  
DAVID A. HULSIZER, CPA  
VICTOR MAISANO, CPA  
KEVIN O'CONNOR, MBA, CPA  
RAJESH K. SETHI, CPA, MST

2 RIDGEDALE AVENUE - SUITE 300  
CEDAR KNOLLS, NJ 07927-1119  
(973) 605-2777  
FAX (973) 605-8064  
www.gvacpa.com

MARIA BATTERSHALL, CPA  
ROBERT W. DODDS, CPA\*  
KELLY McBRIDE, CPA

RETIRED  
LOUIS T. GERMAN (1923 - 2013)  
CURT L. PALATSKY (1951 - 2018)  
GORDON A. VREELAND

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Responsible Offshore Science Alliance  
Washington, D.C.

#### *Opinion*

We have audited the accompanying financial statements of Responsible Offshore Science Alliance (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 Responsible Offshore Science Alliance as of December 31, 2021 and 2020, 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 Responsible Offshore Science Alliance 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 Responsible Offshore Science Alliance'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 Responsible Offshore Science Alliance'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 Responsible Offshore Science Alliance'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  
October 5, 2022

RESPONSIBLE OFFSHORE SCIENCE ALLIANCE  
 STATEMENTS OF FINANCIAL POSITION  
 December 31, 2021 and 2020

ASSETS

	2021	2020
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 553,765	\$ 419,453
Unconditional promises to give	75,000	390,000
Prepaid insurance	532	482
<b>Total current assets</b>	<b>629,297</b>	<b>809,935</b>
<b>TOTAL ASSETS</b>	<b>\$ 629,297</b>	<b>\$ 809,935</b>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accrued expenses	\$ 3,228	\$ 15,984
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,228</b>	<b>15,984</b>
<b>NET ASSETS</b>		
Without donor restrictions	626,069	793,951
With donor restrictions	-	-
<b>Total net assets</b>	<b>626,069</b>	<b>793,951</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 629,297</b>	<b>\$ 809,935</b>

RESPONSIBLE OFFSHORE SCIENCE ALLIANCE  
STATEMENTS OF ACTIVITIES  
Years Ended December 31, 2021 and 2020

	2021		2020		TOTAL
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	
<b>SUPPORT AND REVENUE</b>					
Contributions	\$ 295,000	\$ -	\$ 460,000	\$ -	\$ 460,000
Net assets released from restrictions	-	-	-	-	-
Total support and revenue	295,000	-	460,000	-	460,000
<b>EXPENSES</b>					
Program services	339,007	-	153,972	-	153,972
Management and general	99,200	-	65,952	-	65,952
Fundraising	24,675	-	16,125	-	16,125
Total expenses	462,882	-	236,049	-	236,049
<b>CHANGE IN NET ASSETS</b>	(167,882)	-	223,951	-	223,951
<b>NET ASSETS, Beginning of year</b>	793,951	-	570,000	-	570,000
<b>NET ASSETS, End of year</b>	\$ 626,069	\$ -	\$ 793,951	\$ -	\$ 793,951

See accompanying notes to financial statements.

RESPONSIBLE OFFSHORE SCIENCE ALLIANCE  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2021

	2021			
	Program Services	Management and General	Fundraising	Total Expenses
Payroll	\$ 204,777	\$ 61,701	\$ 20,567	\$ 287,045
Employee benefits	3,825	-	-	3,825
Consultants	49,362	-	-	49,362
Research and development	16,587	-	-	16,587
Information technology	29,378	3,456	1,729	34,563
Payroll taxes	17,236	5,098	1,942	24,276
Professional fees	-	25,456	-	25,456
Office expenses	-	2,613	-	2,613
Insurance	2,683	316	157	3,156
Conferenecees	2,756	-	-	2,756
Dues and subscriptions	2,613	-	-	2,613
Travel	2,783	-	-	2,783
Payroll fees	2,445	288	144	2,877
Telephone	2,312	272	136	2,720
Advertising	1,403	-	-	1,403
Miscellaneous	847	-	-	847
Total expenses	<u>\$ 339,007</u>	<u>\$ 99,200</u>	<u>\$ 24,675</u>	<u>\$ 462,882</u>

RESPONSIBLE OFFSHORE SCIENCE ALLIANCE  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2020

	2020			
	Program Services	Management and General	Fundraising	Total Expenses
Payroll	\$ 81,358	\$ 40,679	\$ 13,560	\$ 135,597
Consultants	39,052	-	-	39,052
Information technology	20,120	2,367	1,183	23,670
Payroll taxes	7,006	3,503	1,167	11,676
Professional fees	-	13,479	-	13,479
Office expenses	-	5,495	-	5,495
Insurance	2,049	241	121	2,411
Travel	1,652	-	-	1,652
Payroll fees	1,056	124	62	1,242
Telephone	546	64	32	642
Advertising	605	-	-	605
Miscellaneous	528	-	-	528
Total expenses	\$ 153,972	\$ 65,952	\$ 16,125	\$ 236,049



RESPONSIBLE OFFSHORE SCIENCE ALLIANCE  
STATEMENT OF CASH FLOWS  
Years Ended December 31, 2021 and 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (167,882)	\$ 223,951
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Change in operating assets and liabilities		
Unconditional promises to give	315,000	13,000
Prepaid expenses	(50)	(482)
Accrued expenses	(12,756)	15,984
Net cash provided by operating activities	134,312	252,453
NET INCREASE IN CASH AND CASH EQUIVALENTS	134,312	252,453
CASH AND CASH EQUIVALENTS, Beginning of year	419,453	167,000
CASH AND CASH EQUIVALENTS, End of year	\$ 553,765	\$ 419,453
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Interest paid	\$ -	\$ -

RESPONSIBLE OFFSHORE SCIENCE ALLIANCE  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Responsible Offshore Science Alliance (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. Its mission is an improved understanding of ocean and coastal ecosystems that allows for informed compatibility of sustainable fisheries and offshore wind energy. The Organization aims to realize its mission by advancing regional research and monitoring of fishery and offshore wind interactions in the waters from Maine to North Carolina. The Organization is supported primarily through contributions.

**Tax Status and Incorporation** – The Organization was incorporated on March 8, 2019, pursuant to the District of Columbia Nonprofit Corporation Act. 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, 2021 and 2020. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax year in progress.

**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.

**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. 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 more than one year are recorded at fair value, which is measured at the present value of future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

**Revenue and Revenue Recognition** – Grants awards having the existence of a condition but lacking in both the existence of a barrier and right of return to the resource provider, are classified as restricted contribution revenue until conditions of the award are met. Conditional grant awards, having both the existence of a barrier and right of return to the resource provider, are classified as deferred revenue when received and are recognized as contribution revenue when the awards are expended for the purpose of the grant or other conditions are satisfied.

RESPONSIBLE OFFSHORE SCIENCE ALLIANCE  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

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

**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.

**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.

**Functional Expenses** – Expenses are charged to each program based on direct expenditures that are incurred. Any program expenditures not directly chargeable are allocated based on management’s estimates.

**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.

**NOTE 2 – PROMISES TO GIVE** – Unconditional promises to give consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Unconditional promises to give	\$ 75,000	\$ 390,000
Less: Unamortized discount	-	-
Net unconditional promises to give	<u>\$ 75,000</u>	<u>\$ 390,000</u>
Amounts due in:		
Less than one year	\$ 75,000	\$ 390,000
One to five years	-	-
Total	<u>\$ 75,000</u>	<u>\$ 390,000</u>

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 2%. As of December 31, 2021 and 2020, all unconditional promises to give are expected to be collected.

RESPONSIBLE OFFSHORE SCIENCE ALLIANCE  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2021 and 2020

**NOTE 3 – CONCENTRATION OF CREDIT RISK** - The Organization maintained cash balances on deposit with financial institutions in excess of insurable limits for the year ended December 31, 2021 and 2020. The condition is mitigated by having funds deposited with a high quality financial institution. The Organization does not believe that it is exposed to any significant credit risk on its cash and cash equivalents.

**NOTE 4 – NET ASSETS WITHOUT DONOR RESTRICTIONS** – At December 31, 2021 and 2020, all of the Organization’s net assets were unrestricted. Net assets without donor restrictions are resources available to support the Organization. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax exempt-status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

**NOTE 5 – OCCUPANCY** – The Organization does not rent office space. The Organization’s functions are performed by staff of the Organization from their respective home offices. The Organization does not have any lease agreements with these individuals and no payment of rent is required.

**NOTE 6 – CONTRIBUTION OF SUPPORT** – During the years ended December 31, 2021 and 2020, 100% of the Organization’s support came from three donors.

**NOTE 7 – 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:

	<u>2021</u>	<u>2020</u>
Cash and equivalents	\$ 553,765	\$ 419,453
Unconditional promises to give	75,000	390,000
Total financial assets	628,765	809,453
Contractual or donor-imposed restrictions	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 628,765	\$ 809,453

**NOTE 8 – RISKS AND UNCERTAINTIES** - The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects that this matter may negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

RESPONSIBLE OFFSHORE SCIENCE ALLIANCE  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2021 and 2020

NOTE 9 - RELATED PARTY TRANSACTIONS - During the years ended December 31, 2021 and 2020, the Organization recognized unconditional promises to give of \$220,000 and \$70,000, respectively, from companies whose officer employees are also serve on the Board of Directors of the Organization. In addition, collections of \$403,000 during 2020 from unconditional promises to give recognized in 2019 were from three companies where an individual is both an employee of that respective company and also is a Board Member of the Organization.

NOTE 10 - RECENT ACCOUNTING PRONOUNCEMENTS

Issued

In February 2016, FASB issued ASU 2016-02, (Topic 842): *Leases*, which will require leases to be recorded as an asset on the statement of financial position for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 is effective for not-for-profit organizations for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is evaluating the impact the pronouncement may have on the financial statements.

In September 2020, the FASB issued ASU 2020-07 *Presentation and Disclosures by Not-for-Profit Entities For Contributed Nonfinancial Assets* (Topic 958). This ASU is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. The Organization is evaluating the impact the pronouncement may have on the financial statements.

NOTE 11 - SUBSEQUENT EVENTS - Management has evaluated subsequent events through October 5, 2022, the date on which the financial statement were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.