

*Oceana México,
Protegiendo los Océanos del Mundo, A.C.
The Independent Auditor's Report and
Financial Statements as of December 31, 2022 and 2021*

OCEANA MÉXICO, PROTEGIENDO LOS OCÉANOS DEL MUNDO, A.C.
Financial Statements as of December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the General Meeting of Associates of
Oceana México, Protegiendo los Océanos del Mundo, A.C.

Opinion.

1. We have audited the accompanying financial statements of Oceana México, Protegiendo los Océanos del Mundo, A.C. (the Association), which comprise the statements of financial position as of December 31, 2022 and 2021, and the statements of activities and the statements of cash flows for the years then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Oceana México, Protegiendo los Océanos del Mundo, A.C., as of December 31, 2021 and 2020, its activities and cash flows for the years then ended, in accordance with the Financial Reporting Standards applicable in Mexico (MFRSs), issued by the Mexican Board of Financial Reporting Standards (CINIF).

Basis for Opinion.

3. We conducted our audits in accordance with International Standards on Auditing. Our responsibility under those standards is further described in the section "Auditor's responsibilities as for the audit of the financial statements" of this report. We are independent from the Association in accordance with the Code of Professional Ethics of the Mexican Institute of Public Accountants (Code of Professional Ethics), along with the ethical requirements relevant to our audits of the financial statements in Mexico, and we have fulfilled our other ethical responsibilities pursuant to these requirements and with the Code of Professional Ethics. We believe that the evidence of audit we have obtained provides enough and appropriate basis for our opinión.

Emphasis of matter, National Health Emergency.

4. We draw attention to the matter described in Note 15 to the financial statements, which indicates the suspension of non-essential activities as from March 31, 2020, declared by the Government of Mexico through the Ministry of Health arising from the public health emergency; such suspension was extended until 2021, during this period, the Association did not receive any donations. Payment commitments made to cover payroll amounts, payments to suppliers of goods and services and other fixed expenses, were made with the funds contributed by Oceana, Inc. to the Association's Net Assets for \$38,016,815; \$31,890,254 in 2021. Our opinion is not modified in respect of this matter.

Emphasis of matter, Accounting Policies.

6. We draw attention to the policies adopted by the Association for the recognition of the lease contracts of the property that it uses as an office and for the use of computing equipment that are explained in Note 3 letters e) and f) to the financial statements. Our opinion is not modified in respect of this matter.

Responsibilities of Management and those charged with Governance of the Association for the financial statements.

7. The Management is responsible for the preparation and fair filing of the financial statements, in accordance with the Mexican Financial Reporting Standards and the internal control that the Management considers necessary in order to allow the preparation of financial statements free of material misstatement, due to fraud or error.

8. In the preparation of the financial statements, the Management is responsible for assessing the Association's ability in order to continue as a going concern, disclosing, if so, the matters related to going concern and including the going concern basis of accounting unless Management either intends to liquidate the Association or to stop operations, or has no realistic alternative but to do so.

9. Those charged with governance are responsible for the supervision of the Association's financial reporting process.

Auditor's Responsibilities for the audit of the financial statements.

10. Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, due to fraud or error, and issue an audit report with our opinion. Reasonable assurance is a high degree of security, but it does not guarantee that an audit performed in accordance with the International Standards on Auditing always detect a material misstatement when there is one. The misstatements may be due to fraud or error, and they are considered material if, either individually or in group, they might be reasonably foreseen to influence the economic decisions the users make based on the financial statements.

A more detailed description of our responsibilities in connection with the audit of the financial statements is included in the Annex to this audit report. This description, found on the next page, is an integral part of our audit report.

11. We discuss with those responsible for the Governance, among other matters, the scope and the time to perform the planned audit and the significant audit findings, as well as any other significant deficiencies of internal control, which we identify through our audit.

RSM México Bogarín, S.C.

A handwritten signature in blue ink, appearing to read 'José Luis Torres Jara', is written over a horizontal line.

C.P.C. José Luis Torres Jara.

Mexico City, Mexico,

February 27, 2023.

ANNEX TO THE REPORT OF THE INDEPENDENT AUDITORS.**Additional description of our responsibilities for the audit of the financial statements.**

As part of an audit in accordance with the International Standards on Auditing, we apply our professional judgement, and we keep an attitude of professional skepticism through the entire audit. Also:

- We identify and value the risks of material misstatement in the financial statements, due to fraud or error, we design and apply audit procedures in order to respond to such risks; and we obtain enough and proper evidence of audit to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since the fraud may imply collusion, forgery, deliberate omissions, statements intentionally wrong or the avoidance of internal control.
- We get to know the internal control relevant for the audit, with the objective of designing proper audit procedures regarding the circumstances and not with the objective of expressing an opinion on the effectiveness of the Association's internal control.
- We evaluate the adequacy of the applied accounting policies and the reasonableness of the accounting estimates, and the corresponding information disclosed by the Management.
- We conclude on the adequacy of the use, by the Management, of the accounting principle of going concern and, based on the evidence of audit obtained, we conclude whether there is or not a material uncertainty related to facts or conditions that may arise significant questions on the ability of the Association to continue as going concern. If we conclude that there is a material uncertainty, it is necessary to call the attention in our audit report about the corresponding information disclosed in the financial statements or, if such disclosures are not proper, to express a modified opinion. Our conclusions are based on the evidence of audit obtained as of the date of our audit report. However, future facts or conditions may be the cause for the Association to stop being a going concern.
- We evaluate the global presentation, the structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and facts in a way that they get the true presentation.

OCEANA MÉXICO, PROTEGIENDO LOS OCÉANOS DEL MUNDO, A.C.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022, AND 2021
(Notes 1 to 4)
(Amounts stated in Mexican pesos)

	<u>2022</u>	<u>2021</u>
UNRESTRICTED ASSETS		
Short-term assets:		
Cash in banks (Note 5)	\$ 1,834,886	\$ 1,888,063
Diverse debtors	---	104,001
Payments in advance (Note 6)	<u>67,370</u>	<u>310,970</u>
Add the short-term assets	1,902,256	2,303,034
IMPROVEMENTS TO OFFICE AND EQUIPMENTS, Net (Note 7)		
	<u>1,031,151</u>	<u>1,157,184</u>
Add the assets	<u>2,933,407</u>	<u>3,460,218</u>
LIABILITIES		
Short-term liabilities:		
Suppliers	389,166	1,284,735
Creditors (Note 8)	845,552	842,600
Taxes payable (Note 9)	995,469	791,406
Vacations to staff (Note 10)	<u>456,405</u>	<u>---</u>
Add the liabilities	2,686,592	2,918,741
EQUITY		
Unrestricted (Note 13)	<u>246,815</u>	<u>541,477</u>
Add the liabilities and equity	\$ <u>2,933,407</u>	\$ <u>3,460,218</u>

The accompanying notes are part of these financial statements.


 Christopher M. Sharkey
 Legal Representative

OCEANA MÉXICO, PROTEGIENDO LOS OCÉANOS DEL MUNDO, A.C.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED ON DECEMBER 31, 2022, AND 2021
(Notes 1 to 4)
(Amounts stated in Mexican pesos)

	<u>2022</u>	<u>2021</u>
REVENUES:		
Donations received	\$ 4,200	\$ ---
Profit in exchange rates	48,160	---
Add the revenues	<u>52,360</u>	<u>---</u>
EXPENSES:		
Fundraising expenses (Note 16)	(13,106,641)	(13,388,518)
Operating expenses (Note 16)	(11,165,237)	(7,403,239)
Payroll expenses	(14,083,909)	(11,812,364)
Exchange loss	(1,898)	(106)
Income Tax (Note 12)	(6,152)	(43,219)
Add the expenses	<u>(38,363,837)</u>	<u>(32,647,234)</u>
Change in equity	(38,311,477)	(32,647,234)
Equity contributions received from Oceana, Inc. (Note 13)	<u>38,016,815</u>	<u>31,890,254</u>
Net change in equity	(294,662)	(756,980)
Equity at the beginning of the year	<u>541,477</u>	<u>1,298,457</u>
Equity at the end of the year	<u>\$ 246,815</u>	<u>\$ 541,477</u>

The accompanying notes are part of these financial statements.


 Christopher M. Sharkey
 Legal Representative

OCEANA MÉXICO, PROTEGIENDO LOS OCÉANOS DEL MUNDO, A.C.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED ON DECEMBER 31, 2022, AND 2021
(Notes 1 to 4)
(Amounts stated in Mexican pesos)

	<u>2022</u>	<u>2021</u>
<u>Operating activities:</u>		
Decrease in equity	\$ (38,311,477)	\$ (32,647,234)
Items that did not require a cash disbursement:		
Depreciation and amortization (Note 7)	365,258	297,496
Provision for accrued vacation pay	456,405	---
Add	(37,489,814)	(32,349,738)
(Increase) decrease in:		
Diverse debtors	104,001	(103,001)
Payments in advance	243,600	(209,685)
Increase (decrease) in:		
Suppliers	(895,569)	1,222,896
Creditors	2,952	842,600
Taxes payable	204,063	71,694
Cash net flows of operating activities	(37,830,767)	(30,525,234)
<u>Investment activities</u>		
Acquisition of equipment's	(239,225)	(255,277)
Cash applied	(38,069,992)	(30,780,511)
<u>Financing activities</u>		
Equity contributions received from Oceana, Inc. (Note 13)	38,016,815	31,890,254
(Decrease) increase cash net	(53,177)	1,109,743
Cash at the beginning of the period	1,888,063	778,320
Cash at the end of the period	\$ 1,834,886	\$ 1,888,063

The accompanying notes are part of these financial statements.


 Christopher M. Sharkey
 Legal Representative

OCEANA MÉXICO, PROTEGIENDO LOS OCÉANOS DEL MUNDO, A.C.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022 AND 2021
(Amounts stated in Mexican pesos)

NOTE 1 – DESCRIPTION OF ACTIVITIES

Oceana México, Protegiendo los Océanos del Mundo, A.C. (the Association), an affiliate of Oceana Inc., is located at Poseidón 39, Col. Crédito Constructor, Mexico City, and it is a non-for-profit association that was incorporated in accordance with Mexican Law on September 7, 2016, with a duration of 99 years, being its main activity the preservation of the oceans by performing activities of scientific research, promotion of environmental protection, and development and promotion of public policies, among others.

Oceana, Inc. Is the world’s largest organization focused exclusively on protecting and restoring the world’s oceans. It was founded in 2001 with the mission to “protect the oceans and feed the world”.

Oceana, Inc. has offices in North, Central and South America, Asia, and Europe. Together, all the countries where it operates are responsible for 29% of the marine fish production in the world. Oceana seeks to protect biodiversity and increase the wealth of our oceans through changes in the public policies of countries with the world’s biggest marine resources.

Oceana, Inc. operates in Mexico through Oceana Mexico, Protegiendo los Océanos del Mundo, A.C., and provides much of their funding.

The Association has the authorization issued by the Ministry of Finance and Public Credit (SHCP) to receive donations deductible from Income Tax in the national territory as of April 5, 2019, according to Authorization Letter 700-02-05-2019-03956. This authorization was ratified for the years 2022 and 2021.

NOTE 2 - BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

a) The Entity prepares the financial statements complying with the Financial Reporting Standards applicable in Mexico, issued by the Mexican Board of Financial Reporting Standards (CINIF in Spanish).

Those standards require that the management make some estimates and assumptions to value

some items of the financial statements; the Entity's Management, applying its professional judgment, considers the estimates and assumptions used were adequate in the circumstances.

The attached financial statements include provisions for liabilities for severance pay in favor of former employees and for accrued vacations not paid to employees in service until December 31, 2022, (see Notes 8 and 10).

b) Currency used in the financial statements. The financial statements and notes as of December 31, 2022, and 2021 and for the years then ended include balances and transactions in Mexican pesos of a different purchasing power.

c) The percentage of annual and accumulated inflation of the three previous periods to December 31, 2022, and 2021 has been lower than 26%, which according to the Financial Reporting Standards applicable in Mexico, corresponds to a non-inflationary economic environment in both periods; consequently, the effects of inflation on the financial statements are not recognized.

d) Statement of Activities. The Entity presents this statement gathering the income, costs, and expenses per nature since this is the practice sector in which it operates.

e) Statement of Cash Flows. The Company prepares this financial statement using the indirect method since this is the practice of the sector in which it operates because it offers users better financial information.

f) The financial statements are presented in Mexican pesos, which is their reporting, functional, and recording currency. The financial statements are presented in Mexican pesos unless otherwise stated.

g) The accompanying financial statements and their notes were authorized for issuance on February 24, 2023, by C.P. Elizabeth García Alcaraz, Director of Administration and Finance. The Associates' General Meeting must approve them to meet legal aspects.

The financial statements for the year ended on December 31, 2021, were approved during the Associates' General Meeting held on January 24, 2023.

c) Tax Environment.

Due to its legal structure and activity, the Entity is located in the following tax environment:

- Federal taxes: It is not a taxpayer of Income Tax to legal entities and is authorized to receive donations deductible of Income Tax.
- The Income Tax provision resulting from the distributable remainder is recorded in the results of the year in which it is yielded, determined in accordance with the provisions of the Law in force.

- Donations received are not taxed by the Value Added Tax.
- It is obligated to withhold Income Tax and VAT for payments to individuals.
- To make withholdings and pay fees and taxes of social security to IMSS, INFONAVIT and SAR.
- It is obligated to pay the payroll tax to the Government of Mexico City.
- Because it is an Entity that performs non-profit activities, it is not obligated to pay employees' profit sharing.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER DISCLOSURES

The main accounting policies followed by the Entity's Management in preparing these financial statements are as follows.

a) Cash-

Cash is recorded at nominal value and is mainly represented by bank deposits. Fluctuations originated from the variation in the peso exchange rate are recognized in the income and expenses of the period.

b) Accounts receivable-

Accounts receivable are presented at the transaction price pending collection; they are originated by the refund of expenses recoverable in charge of employees and collaborators of the Entity.

c) Payments in advance-

The advances granted to suppliers for leasing properties and other goods and services are classified as payments in advance as long as the risks and benefits inherent to the goods or services are not transferred to the Entity, and/or the goods, services or benefits have been received.

d) Improvements of leased offices and equipment's-

As of December 31, 2022, and 2021, the values of improvements and equipments are valued at acquisition cost and are presented net of accumulated depreciation, amortization, and withdrawals of the period.

The expenses of maintenance and repairs are charged to the period's results as incurred.

The depreciation method adopted is the straight-line method as from the month following its acquisition based on the useful lives of the assets, estimated by the Entity's Management, applying the following annual rates:

	<u>Depreciation rates</u>
Computing equipment	20%
Improvements of offices	17%

Improvements to leased offices are amortized over the useful period of the improvement or the contract terms, whichever is less.

e) Leases-

The Entity has decided not to recognize right-of-use assets and lease liabilities on equipment under low-value and short-term leases. Payments for this concept are recorded as an expense in the year they are paid during the lease term.

f) Benefits to employees-

They are granted to the personnel as remuneration for their services provided, as follows:

- Direct benefits to employees – They are recognized in liabilities as accrued, according to the services provided, considering the current salaries. They mainly include vacations and, holiday bonus, incentives, among others.
- Benefits post-employment – Indemnities and seniority premiums to which employees may be entitled in the event of dismissal or death are charged to the results of the period in which they are paid.

g) Taxes on profit-

Non-profit entities authorized to receive deductible donations are exempt from Income Tax payment and may obtain income from activities other than their purposes, provided that they do not exceed 10% of their total income in the fiscal year; this limit does not include support or incentives provided by the Federation, federal entities, or municipalities; the alienation of fixed or intangible assets; the fees of its members; the interests; economic rights derived from intellectual property; the use or temporary enjoyment of properties; the returns obtained from shares or other credit titles placed among the general investing public or the recovery fees. For any surplus, the tax must be calculated.

As of December 31, 2022, and 2021, the Entity did not obtain income from activities other than its purposes.

h) Operations in foreign currency-

The monetary assets and liabilities in foreign currency are expressed in local currency as of the exchange rate in force as of the date of the financial statements. The exchange differences derived from the fluctuations in the exchange rate between the date in which the transactions were agreed and that of the liquidation or valuation as of the date of the statement of financial position, are recorded as income or expenses of the period.

NOTE 4 – POSITION IN FOREIGN CURRENCY

As of December 31, 2022, and 2021, the exchange rate was \$19.3615 and \$20.5157 nominal pesos per US Dollar, respectively. As of February 27, 2022, the issuance date of these financial statements, the exchange rate is \$18.4023 nominal pesos per US Dollar.

The amounts shown below are expressed in dollars (USD), since this is the foreign currency mainly used by the Entity.

As of December 31, 2022, and 2021, these are the assets in foreign currency:

	<u>2022</u>	<u>2021</u>
Checking account balances	\$ 1,564	\$ 1,574
Suppliers	---	(42,841)
	<u>\$ 1,564</u>	<u>\$ (41,267)</u>

NOTE 5 – CASH IN BANKS

This item is as follows:

	<u>2022</u>	<u>2021</u>
Banks in local currency	\$ 1,802,783	\$ 1,855,779
Banks in foreign currency	32,103	32,284
	<u>\$ 1,834,886</u>	<u>\$ 1,888,063</u>

NOTE 6 – PAYMENTS IN ADVANCE

This item is as follows:

	<u>2022</u>	<u>2021</u>
Medical expenses insurance	\$ ---	\$ 48,709
Rents paid in advance	45,442	45,442
Advances to suppliers	21,928	216,819
	<u>\$ 67,370</u>	<u>\$ 310,970</u>

As of the issuance date of these financial statements, the fair value of the amounts of payments in advance is similar to the ones reported as of December 31, 2022 and 2021.

NOTE 7 – IMPROVEMENTS TO OFFICES AND EQUIPMENT, NET

They are as follows:

	<u>2022</u>	<u>2021</u>
Investment:		
Furniture and equipment	\$ 434,230	\$ 19,966
Computing equipment	727,825	505,829
Improvements to offices	1,028,826	1,425,862
	<u>2,190,881</u>	<u>1,951,657</u>
Accrued depreciation:		
Furniture and equipment	247,372	---
Computing equipment	264,706	146,528
Improvements to offices	647,652	647,945
	<u>1,159,730</u>	<u>794,473</u>
	<u>\$ 1,031,151</u>	<u>\$ 1,157,184</u>

The charge to results in the period for the concept of depreciation amounted to \$365,258; \$297,496 in 2021.

NOTE 8 - CREDITORS

The balance for this concept corresponds to compensations in favor of former employees because of the termination of their employment relationship with the Entity. The amount was determined in accordance with the current provisions of the Federal Labor Law on the date of the calculation made by the management. The actual amount payable to the compensation beneficiaries will be known until the date the labor trial concludes, in accordance with the resolution issued by the judge at the end of the judicial process.

NOTE 9 – TAXES PAYABLE

They are as follow:

	<u>2022</u>	<u>2021</u>
Income Tax payable	\$ 6,153	\$ 43,220
Income Tax withheld from wages and salaries	353,766	262,801
Income Tax withheld from fees	92,147	103,835
VAT withheld from fees	218,695	102,294
VAT withheld for personnel services	---	13,268
Social security fees	282,082	227,162
Contributions to Workers' Housing	---	6,987
Payroll tax	42,626	31,839
	<u>\$ 995,469</u>	<u>\$ 791,406</u>

At the issuance date of these financial statements, the fair value of the amounts of taxes payable is similar to the ones reported as of December 31, 2022, and 2021.

NOTE 10 – BENEFITS TO EMPLOYEES

a) As per seniority premium.

According to what is established in the Federal Labor Law, employees and plant workers are entitled to a seniority premium equivalent to 12 days of salary for each year of service (the daily wage computed must not exceed twice the minimum salary), provided they have worked for at least fifteen years when they retire voluntarily. This requirement does not apply in case of death, disability, unjustified separation, or dismissal.

b) As per compensations to personnel.

Compensations from some commitments entitled to employees and workers originated because of unjustified separation and other causes, under certain conditions in terms of the Federal Labor Law, the maximum liability for this concept has not been determined since it is considered unimportant, and due to that, the policy referred to in note 3g) is followed.

c) For accrued unpaid vacations.

As for the year ended on December 31, 2022, the Entity adopted as a policy to recognize the liability for accrued unpaid vacations in favor of its employees in accordance with the provisions of the Federal Labor Law; the amount thus determined is of \$456,405.

NOTE 11 - LEASES

The Entity has leased its premises and computer equipment under one to three years contract terms. As these are short-term leases and low-value equipment, the Entity has decided not to recognize the right of use assets or the liabilities for those leases.

As of December 31, 2022, total lease payments amount to \$763,574; \$630,202 in 2021.

NOTE 12 – TAXES ON PROFIT

As it is a non-profit entity, the Association is not a taxpayer of Income Tax, provided it meets the requirements proved in its Law, which considers as a distributable remainder the omissions of income, purchases not made or improperly recorded, and expenses made that are not deductible.

The Income Tax accrued in the years 2022 and 2021 amounted to \$6,152 and \$43,219,

respectively, derived from the non-deductible expenses incurred in those periods in accordance with the penultimate paragraph of article 79 of the Income Tax Law in force during the year, which are considered as distributable remainder and the maximum tax rate established in article 152 of the Income Tax Law, which corresponds to 35%, is applied.

NOTE 13 – EQUITY

As of December 31, 2022 and 2021, the unrestricted equity of the Entity is made up of the contributions made by Oceana Inc. and the remaining income over accumulated expenses derived from the activities of its corporate purpose.

In the Associates' General Assembly held on January 24, 2023, the amendment to Clause Seventh letter d) of the Entity's Bylaws was approved to read as follows:

“d. The equity of the association, including the support and public incentives it receives, will be used exclusively for its corporate purpose, for which they have been authorized by the Income Tax Law to receive deductible donations and cannot grant benefits on the remainder distributable to any individual or its members whether they are individuals or legal entities, unless it is, in the latter case, an entity authorized to receive deductible donations in terms of the Income Tax Law, which are registered in the Federal Registration of Civil Society Organizations as active or in the case of remuneration for services actually received.

The Association must not distribute among its associates the remainder of the public support and incentives that it receives.

What is stipulated in this provision is irrevocable.

Similarly, in accordance with the provisions of article eighty-two, sixth section of the Income Tax Law, already mentioned, the association undertakes to keep available to the general public the information related to the authorization to receive donations, as well as compliance with their tax obligations and in the terms that the Ministry of Finance and Public Credit establishes through general rules.

At the same Associates' General Assembly, the ordinary contribution from Oceana, Inc. to the Entity's equity for \$38,000,000 was approved. Contributions for the 2021 fiscal year amounted to \$31,890,254.

The Association does not pursue profit or commercial activities, but it can execute all the actions necessary to subsist, develop, and achieve its purpose.

NOTE 14 – FINANCIAL INSTRUMENTS

a) Value of financial instruments

The amount of cash, the advances to suppliers and accounts payable are close to their fair value

because of their due date.

b) Risk concentration

The financial instruments subject to an excessive risk concentration are mainly cash and advances to suppliers.

At the issuance date of these financial statements, the fair value of the amounts of the financial instruments is similar to the ones reported as of December 31, 2022 and 2021.

NOTE 15 – SUBSEQUENT EVENTS

On March 31, 2020, the Government of Mexico, through the Ministry of Health, declared a national public health emergency due to the outbreak of the pandemic called COVID-19. The emergency declaration originally issued required the suspension of all non-essential public, private and social activities until May 30, 2020, which was extended until the 2021 fiscal year.

The Entity receives most of its financial support from Oceana, Inc., which, in turn, receives donations largely from U.S. donors. In 2022 and 2021, Oceana, Inc. fully financed the Entity's activities. Even though some of these activities that required face-to-face meetings or travel could not be carried out, it was possible to carry out an expedition to investigate the oceans, as well as continue with the campaigns of transparency, restoration, habitat, plastics and propose to the legislators topics or initiatives that are required for the protection of oceans and fishing abundance in Mexico.

NOTE 16 – FUNDRAISING AND OPERATING EXPENSES

The main concepts that make up the expenses for fundraising and operating expenses as of December 31, 2022 are the following:

	<u>2022</u>	<u>2021</u>
<u>By fundraising:</u>		
Courses	\$ 453,968	\$ 451,193
Advertising	3,499,908	3,189,295
Events	647,352	2,090,720
Advice and consultancies	8,245,012	7,647,556
Others	260,401	9,754
Total	\$ <u>13,106,641</u>	\$ <u>13,388,518</u>

	<u>2022</u>	<u>2021</u>
<u>Operating:</u>		
Office supplies	\$ 134,649	\$ 88,183
Donations	11,250	---
Cleaning and maintenance	307,159	212,974
Insurance	1,518,018	1,066,972
Rents	858,903	646,855
Professional fees	4,720,757	2,960,960
Fees and subscriptions	277,201	8,164
Telephone and internet	138,190	28,351
Allowance and transportation	2,196,387	826,712
Office remodeling	13,674	---
Depreciations	365,258	297,496
Non-deductible	17,578	144,065
Others	606,213	1,122,507
Total	<u>\$ 11,165,237</u>	<u>\$ 7,403,239</u>

NOTE 17 - NEW ACCOUNTING PRONOUNCEMENTS FOR THE YEAR ENDED ON DECEMBER 31, 2022

CINIF has issued the following FRSs which may impact the Entity's financial statements as of December 31, 2022:

Improvements to the FRSs:

- a. In force as from January 1, 2020, these are the following changes in the Improvements to the FRSs:

Improvements to the FRSs generating accounting changes

- FRS D-3, Benefits to employees.
- FRS D-5, Leases.

Improvements to the FRSs not generating accounting changes

- FRS B-1, Accounting changes and error correction.
- FRS C-3, Accounts receivable.
- FRS D-2, Costs for contracts with clients.

- b. In force as from January 1, 2021, these are the changes on the improvements to the FRSs:

Improvements to the FRSs generating accounting changes.

- FRS C-2, Investment in financial instruments.
- FRS C-19, Financial instruments payable.
- FRS C-20, Receivable financing instruments, principal and interest.

Improvements to the FRSs not generating accounting changes.

- FRS C-4, Inventories.
- FRS C-8, Intangible assets.

FRSs that come into force in 2021 and 2022:

- FRS C-15, Deterioration of long-term assets.
- FRS C-17, Investment properties.
- FRS C-22, Cryptocurrencies.

At the issuance date of these financial statements, the Association is determining the effects of these new standards on its financial information.

These notes are part of the accompanying financial statements.



Christopher M. Sharkey
Legal Representative