

Statement Required by Section 8-A, Revenue Regulations No. V-1 and V-20

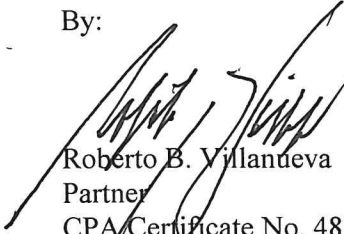
The Management
OCEANA PHILIPPINES INTERNATIONAL
(Philippine Branch Office)
Unit 201 Kalayaan Center Building
No. 65 V. Luna Road corner Kalayaan Avenue
Brgy. Pinyahan, Quezon City

None of the partners of the firm have any financial interest in the Branch or any family relationships with its representative, managers and officers.

The supplementary information on taxes and licenses is presented in Note 14 to the financial statements.

DIAZ MURILLO DALUPAN AND COMPANY

Tax Identification No. 003-294-822
BOA/PRC No. 0234, effective until August 4, 2023
SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022, and
valid in the audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001911-000-2022, effective until March 15, 2025
By:


Roberto B. Villandeva
Partner

CPA Certificate No. 48321
SEC Accreditation No. 48321-SEC, Group A, issued on February 6, 2020 and
valid in the audit of 2019 to 2023 financial statements of SEC covered institutions
Tax Identification No. 104-577-555
PTR No. 9573297, January 8, 2023, Makati City
BIR Accreditation No. 08-001911-004-2022, effective until March 15, 2025

April 5, 2023



Global Reach, Global Quality

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Cebu Office : Unit 504 Cebu Holdings Building, Cebu Business Park, Mabolo, Cebu City 6000 Philippines • Phone: +63(32) 415 8108 - 10 / Fax: +63(32) 232 8029
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Website : www.dmdcpa.com.ph

Oceana Philippines International
(Philippine Branch Office)

Financial Statements
December 31, 2022 and 2021

and

Independent Auditors' Report

Independent Auditors' Report

The Management
OCEANA PHILIPPINES INTERNATIONAL
(Philippine Branch Office)
Unit 201 Kalayaan Center Building
No. 65 V. Luna Road corner Kalayaan Avenue
Brgy. Pinyahan, Quezon City

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of **Oceana Philippines International** (the "Branch"), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in head office account and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Branch as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs).

Basis for Opinion

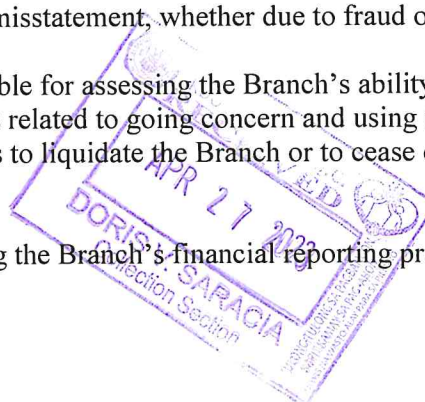
We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audits of the Financial Statement* section of our report. We are independent of the Branch in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statement in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Branch's financial reporting process.



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Auditors' Responsibilities for the Audits 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Branch to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Report on Supplementary Information required by the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 14 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of **Oceana Philippines International**. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

DIAZ MURILLO DALUPAN AND COMPANY

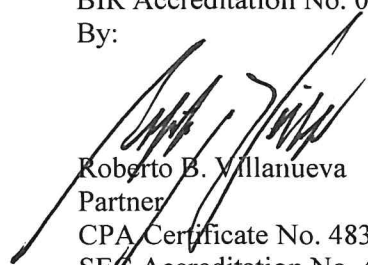
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BIR Accreditation No. 08-001911-004-2022, effective until March 15, 2025

April 5, 2023



OCEANA PHILIPPINES INTERNATIONAL*(Philippine Branch Office)***Statements of Financial Position**

| | As of December 31 | |
|--|--------------------|--------------------|
| | 2022 | 2021 |
| ASSETS | | |
| Current Assets | | |
| Cash - note 4 | ₱8,956,828 | ₱11,098,482 |
| Receivables - note 5 | 261,951 | 494,420 |
| Prepayments and other current assets - note 6 | 2,306,817 | 413,395 |
| | 11,525,596 | 12,006,297 |
| Noncurrent Assets | | |
| Property and equipment (net) - note 7 | 12,118,320 | 15,241,524 |
| Refundable deposits - notes 12 and 13 | 894,557 | 949,171 |
| | 13,012,877 | 16,190,695 |
| TOTAL ASSETS | ₱24,538,473 | ₱28,196,992 |
| LIABILITIES AND HEAD OFFICE ACCOUNT | | |
| Current Liabilities | | |
| Accounts and other payables - note 8 | ₱7,236,277 | ₱6,854,578 |
| Head Office Account | 17,302,196 | 21,342,414 |
| TOTAL LIABILITIES AND HEAD OFFICE ACCOUNT | ₱24,538,473 | ₱28,196,992 |

(The accompanying notes are an integral part of these financial statements)

OCEANA PHILIPPINES INTERNATIONAL
(Philippine Branch Office)
Statements of Comprehensive Income

| | For the Years Ended December 31 | |
|---|--|-------------|
| | 2022 | 2021 |
| EXPENSES | | |
| Campaign expenses - note 9 | ₱64,156,837 | ₱50,355,083 |
| General and administrative expenses - note 10 | 27,592,354 | 20,122,199 |
| EXPENSES FOR THE YEAR | ₱91,749,191 | ₱70,477,282 |



OCEANA PHILIPPINES INTERNATIONAL
(Philippine Branch Office)
Statements of Changes in Head Office Account

| | For the Years Ended December 31 | |
|--|--|--------------|
| | 2022 | 2021 |
| HEAD OFFICE ACCOUNT | | |
| Balance at beginning of year | ₱21,342,414 | ₱16,189,660 |
| Remittances from head office - note 11 | 87,708,973 | 75,630,036 |
| Expenses for the year | (91,749,191) | (70,477,282) |
| | ₱17,302,196 | ₱21,342,414 |

(The accompanying notes are an integral part of these financial statements)



OCEANA PHILIPPINES INTERNATIONAL*(Philippine Branch Office)***Statements of Cash Flows**

| | For the Years Ended December 31 | |
|---|--|----------------------|
| | 2022 | 2021 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Expenses for the year | (₱91,749,191) | (₱70,477,282) |
| Adjustments for | | |
| Depreciation - note 7 | 3,335,690 | 602,155 |
| Loss from disposal of equipment - note 7 | - | 18,923 |
| Operating loss before working capital changes | (88,413,501) | (69,856,204) |
| Decrease (increase) in: | | |
| Receivables | 329,892 | (209,170) |
| Prepayments and other current assets | (1,893,422) | (318,775) |
| Other noncurrent assets | 54,614 | 145,386 |
| Decrease in payables | 281,699 | (305,450) |
| Net cash used in operating activities | (89,640,718) | (70,544,213) |
| CASH FLOW FROM INVESTING ACTIVITY | | |
| Additions to property and equipment - note 7 | (209,909) | (6,213,386) |
| CASH FLOW FROM A FINANCING ACTIVITY | | |
| Remittances from head office - note 11 | 87,708,973 | 75,630,036 |
| NET DECREASE IN CASH | (2,141,654) | (1,127,563) |
| CASH - note 4 | | |
| At beginning of year | 11,098,482 | 12,226,045 |
| At end of year | ₱8,956,828 | ₱11,098,482 |

(The accompanying notes are an integral part of these financial statements)

OCEANA PHILIPPINES INTERNATIONAL

(Philippine Branch Office)

Notes to Financial Statements

As of and for the years ended December 31, 2022 and 2021

1. CORPORATE INFORMATION

Oceana, Inc., (the “Head Office”) was organized and registered under the laws of Washington D.C. USA and was licensed by the Securities and Exchange Commission (SEC) on August 14, 2014, to establish its branch office under the name and style of **Oceana Philippines International** (the “Oceana”) to advocate for policy reforms to address overfishing in Philippine waters in order to enhance food security; protect access to marine resources for all sectors of the fishing community, including small-scale fishing enterprises; and restore the health of the marine ecosystem, in accordance with Batas Pambansa Blg. 68 and Foreign Investments Act of 1991.

Oceana receives funds from the Head Office to support its program of addressing over-fishing as part of a comprehensive fisheries improvement strategy to reform industrial fishing, protect small-scale fishers and to improve livelihoods and promote food security. The program was carried out by Oceana through different activities and campaigns (see Note 9).

In November 2021, Oceana moved its office to 30 Matino corner Malumanay Streets, Sikatuna Village, Quezon City. Oceana is currently changing its registered address to its new location with the regulatory agencies.

As of December 31, 2022, registration for the new office address is still on-going.

Authorization to issue the financial statements

The financial statements of Oceana as of and for the year ended December 31, 2022, including its comparatives for 2021, were approved and authorized for issue by Oceana’s duly authorized representatives on April 5, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set forth to facilitate the understanding of the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of Oceana have been prepared in accordance with the Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs) adopted by Financial Reporting Standards Council (FRSC) from the pronouncement issued by the International Accounting Standards Board (IASB). The principal accounting policies applied in the preparation of these financial statements are set in this note.

The financial statements have been prepared using the measurement bases specified by the PFRS for SMEs for each type of asset, liability, income, and expense. These financial statements have been prepared on the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the PFRS for SMEs.

All amounts are rounded to the nearest peso, except when otherwise indicated.

Cash

Oceana's cash includes cash on hand and demand deposits in banks.

Receivables

Receivables are recognized initially at the transaction price plus transaction cost. These are subsequently measured at amortized cost using the effective interest method, less allowance for doubtful accounts. A provision for doubtful accounts on receivables is established when there is objective evidence that Oceana will not be able to collect all amounts due, according to the original terms of the receivables. Receivables expected to be realized within one (1) year after the reporting date or within Oceana's normal operating cycle are classified as current assets in the statements of financial position. Otherwise, these are classified as noncurrent assets.

Receivables are derecognized when the rights to receive cash flows from the receivable have expired, or if Oceana has transferred its rights to receive cash flows from the receivable.

Oceana's receivables include advances to employees and advances to suppliers.

Prepayments

Prepayments are expenses paid in advance and recorded as an asset before they are utilized. Prepayments and other current assets are recognized when paid and carried at cost less utilized portion, if any. Prepaid expense is apportioned over the period covered by the payment and charged to the appropriate accounts in the statement of comprehensive income when incurred.

Prepayments that are expected to be realized for no more than twelve (12) months after the reporting date are classified as current asset; otherwise, these are classified as other noncurrent asset.

Prepayments pertain to life insurance, drop box subscriptions, computer software licenses, office rental and 2023 International All Staff Meeting charges.

Refundable deposits

Refundable deposits include security deposit for Oceana's office rental, copier, and internet services deposits.

Security deposits represent deposits paid to various lessors that are refundable upon expiration of the lease contracts. These deposits are carried at cost, net of any accruing liabilities.

Property and equipment

Property and equipment are initially measured at cost. The initial cost of property and equipment comprises its purchase price, including import duties, taxes, and any directly attributable costs of bringing the asset to its working condition and location of its intended use. After initial recognition, property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value.

Expenses that provide incremental future economic benefits to Oceana are added to the carrying amount of an item of property and equipment. All other expenses are recognized in the statement of comprehensive income as incurred.

Depreciation of property and equipment commences once the property and equipment are available for use and computed using the straight-line basis over the estimated useful life of property and equipment as follows:

| | <u>In years</u> |
|-------------------------------|-----------------|
| Leasehold improvements | 5 |
| Computer equipment | 5 |
| Office and research equipment | 5 |
| Furniture and fixtures | 5 |

Leasehold improvements are amortized over the life of the improvements or the terms of the lease, whichever is shorter.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no more future economic benefits are expected to arise from the continued use of the asset. When assets are sold or retired, their costs, their accumulated depreciation and amortization and accumulated impairment losses are eliminated from the accounts. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of comprehensive income.

At each reporting date, Oceana reviews the carrying amounts of its property and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. When the asset does not generate cash flows that are independent from other assets, Oceana estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and impairment losses are recognized in the statement of comprehensive income.

Recovery of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recognized in the statement of comprehensive income. The increased carrying amount of an asset due to recovery of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation and amortization) had no impairment loss been recognized for that asset in prior years.

Accounts and other payables

Accounts and other payable are recognized in the financial statements when Oceana becomes a party to a contract that gives rise to a receivable of another entity. They are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. They are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are then classified as noncurrent liabilities.

Oceana's accounts and other payable include accrued expenses, accounts payable and due to government agencies. Accounts payable are liabilities to pay for goods or services that have been received or supplied but have not been paid, including amounts due to employees.

Accrued retirement benefits pertain to accrual of retirement pay to a qualified employee under RA 7641 or the Retirement Pay Law.

Due to government agencies include premium and loans payable to SSS, HDMF and PHIC and withholding tax payable.

Accounts and other payable are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation, or expiration.

Head office account

Remittance from Head Office is recorded at the proceeds received, net of bank charges.

Expense recognition

Expenses are recognized in the statement of comprehensive income when a decrease in economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses in the statement of comprehensive income are presented using the nature method.

Campaign expenses are recognized when the related projects and campaign expenses are incurred. Campaign expenses represent costs incurred in accomplishing different milestones and activities.

General and administrative expenses constitute the expenses of administering Oceana and are expensed as incurred. General and administrative expenses represent indirect costs that have been incurred by Oceana that cannot be identified specifically in reference to a particular program but relate to several programs.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Leases are classified as finance leases whenever the terms of the leased transfer substantially all the risks and rewards of ownership of the lease asset to Oceana.

Rights to assets held under finance leases are recognized as assets of Oceana at the fair value of the leased property at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring statement of comprehensive income. Assets held under a finance lease are included in the statement of financial position.

Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of comprehensive income over the period of the lease.

Related parties and related party transactions

Parties are related if one party has ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Parties are also considered to be related if they are subject to common control. Related parties may be individual or corporate entities.

Provisions and contingencies

Provisions are recognized when Oceana has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When Oceana expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain, and its amount is estimable. The expense relating to any provision is presented in the statement of comprehensive income, net of any reimbursement.

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

Events after the reporting date

Oceana identifies post-year events as events that occurred after the reporting date but before the date when Oceana financial statements were authorized for issue. Post year-end events that provide additional information about Oceana's position at the reporting date (adjusting events) are reflected in Oceana financial statements. Post year-end events that are not adjusting events are disclosed in Oceana financial statements when material.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of Oceana's financial statements requires management to make judgments and estimates that affect amounts reported in the financial statements. These judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Oceana management believes the following represent a summary of these significant judgments and estimates and related impact and associated risks in the financial statements.

Significant accounting judgments in applying accounting policies

In the process of applying Oceana's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) Functional currency

Oceana has determined that its functional currency is the Philippine Peso (₱). Based on Oceana's evaluation, the Philippine peso is the currency that most faithfully represents the primary economic environment in which Oceana operates and it is the currency that mainly influences the underlying transactions, events, and conditions relevant to Oceana.

(b) Transactions and balances

Transactions denominated in foreign currencies are recorded using the applicable exchange rate at the date of the transaction. Outstanding monetary assets and monetary liabilities denominated in foreign currencies are retranslated using the applicable rate of exchange at the end of reporting date. Foreign exchange gains or losses are recognized in the statement of comprehensive income.

(c) Operating leases

Oceana classifies the lease of its office space and photocopier as an operating lease since there was no transfer of substantial risks and benefits incidental to ownership of the assets.

Key sources of estimation of uncertainty

The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances of the financial statements. Actual results could differ from these estimates. The following are the relevant estimate performed by management on its financial statements:

(a) Estimating allowance for doubtful accounts on receivables

Oceana maintains allowance for doubtful accounts at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the management on the basis of factors that affect the collectability of the accounts. These factors include, but not limited to, the payment behavior and known market factors. Oceana then reviews the allowance on a continuous basis.

The amount of timing of recorded provision for impairment on receivables for any period would differ if Oceana made different judgments or utilized different estimates.

Oceana's receivable has a net carrying amount of ₱261,951 and ₱494,420 as of December 31, 2022 and 2021. No allowance for doubtful accounts is recognized as of December 31, 2022 and 2021 (see Note 5).

(b) *Estimating useful lives of property and equipment*

Oceana's management determines the estimated useful lives and related depreciation for its property and equipment. This estimate is based on the period over which the assets are expected to be available for use in operations. Oceana annually reviews the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets tempered by related industry benchmark information.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned. Management increases the depreciation charge where useful lives are less than previously estimated lives or writes off or writes down impaired or non-strategic assets.

The carrying value of Oceana's property and equipment as of December 31, 2022 and 2021 amounted to ₱12,118,320 and ₱15,241,524, respectively (see Note 7).

4. **CASH**

This account as of December 31 consists of:

| | 2022 | 2021 |
|---------------|-------------------|--------------------|
| Cash on hand | ₱23,347 | ₱23,347 |
| Cash in banks | 8,933,481 | 11,075,135 |
| | ₱8,956,828 | ₱11,098,482 |

Cash in banks does not earn interest. No restrictions are attached to Oceana's cash in banks.

5. **RECEIVABLES**

This account as of December 31 consists of:

| | 2022 | 2021 |
|-----------------------|-----------------|-----------------|
| Advances to employees | ₱210,873 | ₱463,691 |
| Advances to supplier | 51,078 | 30,729 |
| | ₱261,951 | ₱494,420 |

Advances to employees refer to duly approved cash advances for official business to Oceana's employees that are subject to liquidation.

6. **PREPAYMENTS AND OTHER CURRENT ASSETS**

Prepayments and other current assets as of December 31 consist of:

| | 2022 | 2021 |
|-----------------------|-------------------|-----------------|
| Insurance | ₱36,372 | ₱280,659 |
| Subscriptions | 35,363 | 29,657 |
| Communications | 35,426 | 28,511 |
| Other prepaid expense | 2,199,656 | 74,568 |
| | ₱2,306,817 | ₱413,395 |

Other prepaid expenses consist of out-of-pocket expenses paid for legal services entered by Oceana, office rental, 2023 International All Staff Meeting charges and payment of computer software licenses.

7. PROPERTY AND EQUIPMENT (NET)

The details and movement of property and equipment in 2022 are as follows:

| | Furniture and fixtures | Computer Equipment | Office and research Equipment | Leasehold Improvement | Total |
|--|------------------------|--------------------|-------------------------------|-----------------------|--------------------|
| Cost | | | | | |
| At the beginning of the year | ₱1,980,276 | ₱4,470,251 | ₱1,580,745 | ₱13,687,008 | ₱21,718,280 |
| Additions | 4,694 | 129,298 | 75,917 | - | 209,909 |
| Write-off | (797,156) | (875,753) | (1,112,041) | (1,642,429) | (4,427,379) |
| At the end of the year | ₱1,187,814 | ₱3,723,796 | ₱544,621 | ₱12,044,579 | ₱17,500,810 |
| Accumulated Depreciation | | | | | |
| At the beginning of the year | ₱908,293 | ₱2,624,696 | ₱1,301,338 | ₱1,642,429 | ₱6,476,756 |
| Depreciation | 237,328 | 593,027 | 96,419 | 2,408,916 | 3,335,690 |
| Write-off | (797,156) | (875,753) | (1,114,618) | (1,642,429) | (4,429,956) |
| At the end of the year | ₱348,465 | ₱2,341,970 | ₱283,139 | ₱2,408,916 | ₱5,382,490 |
| Net carrying amount as at December 31, 2022 | ₱839,349 | ₱1,381,826 | ₱261,482 | ₱9,635,663 | ₱12,118,320 |

Depreciation is allocated as follows:

| | 2022 | 2021 |
|---|-------------------|-----------------|
| Campaign expenses (see Note 9) | ₱151,045 | ₱117,456 |
| General and administrative expenses (see Note 10) | 3,184,645 | 484,699 |
| | ₱3,335,690 | ₱602,155 |

Oceana's property and equipment as of December 31, 2022 and 2021 are not held as collateral for its liabilities and are free from any encumbrances.

8. ACCOUNTS AND OTHER PAYABLES

This account as of December 31 consists of:

| | 2022 | 2021 |
|-----------------------------|-------------------|-------------------|
| Accrued retirement benefits | ₱4,020,291 | ₱3,458,595 |
| Due to government agencies | 1,356,724 | 680,675 |
| Accrued – other liabilities | 1,246,397 | 250,000 |
| Accounts payable | 612,865 | 2,465,308 |
| | ₱7,236,277 | ₱6,854,578 |

Accrued retirement benefits pertain to accrual of retirement of qualified employee as mandated by Republic Act (RA) No. 7641. The expected liability as of reporting date is calculated using the current salary of the entitled employees' year of service, without consideration of future changes in salary rates and service periods.

Management believes that the amounts recognized in the books as of December 31, 2022 and 2021 do not differ materially from the amount that would have been determined using the projected unit credit method under Section 28 of PFRS for SME, "Employee Benefits".

The accrued – other liabilities account of Oceana consists of its accrual reclassification for 2022.

9. CAMPAIGN EXPENSES

This account for the years ended December 31 consists of the following:

| | 2022 | 2021 |
|-----------------------------------|--------------------|--------------------|
| Salaries and wages | ₱30,733,067 | ₱25,432,607 |
| Professional and consultancy fees | 6,835,197 | 10,610,739 |
| Employee benefits | 5,886,829 | 4,812,262 |
| Travel and transportation | 5,756,677 | 793,664 |
| Meetings and conferences | 3,615,609 | 2,025,124 |
| Advertising | 2,756,926 | 669,468 |
| Communication, light, and water | 2,517,333 | 1,817,471 |
| Supplies | 2,494,130 | 1,473,651 |
| Rental | 1,716,583 | 1,691,112 |
| Repairs and maintenance | 622,926 | 160,196 |
| Insurance | 555,498 | 32,272 |
| Subscription fees | 156,270 | 120,344 |
| Training and development | 155,500 | 448,361 |
| Depreciation | 151,045 | 117,456 |
| Bank charges | 108,059 | 62,533 |
| Postage and delivery | 93,789 | 85,115 |
| Taxes and licenses | 1,399 | 2,708 |
| | ₱64,156,837 | ₱50,355,083 |

Rental expense consists of payment for the office rent. The office space rental amounted to ₱1,716,583 in 2022 and ₱1,691,112 in 2021.

Oceana's campaign expenses were grouped and allocated into operational programs and certain projects as follows:

December 31, 2022

| | Fisheries Management | Habitat Protection | Transparency/ Traceability | Total |
|-----------------------------------|---------------------------------|---------------------------|---------------------------------------|--------------------|
| Salaries and wages | ₱6,750,140 | ₱16,467,463 | ₱7,515,464 | ₱30,733,067 |
| Professional and consultancy fees | 2,710,083 | 3,585,914 | 539,200 | 6,835,197 |
| Employee benefits | 1,294,176 | 3,142,475 | 1,450,178 | 5,886,829 |
| Travel and transportation | 1,518,120 | 3,323,125 | 915,432 | 5,756,677 |
| Meetings and conferences | 986,575 | 1,230,227 | 1,398,807 | 3,615,609 |
| Advertising | 320,077 | 1,676,767 | 760,082 | 2,756,926 |
| Communication, light, and water | 533,748 | 1,369,323 | 614,262 | 2,517,333 |
| Supplies | 370,227 | 1,468,740 | 655,163 | 2,494,130 |
| Rental | 372,065 | 932,921 | 411,597 | 1,716,583 |
| Repairs and maintenance | 148,355 | 360,673 | 113,898 | 622,926 |
| Insurance | 78,486 | 346,830 | 130,182 | 555,498 |
| Subscription fees | 32,456 | 91,488 | 32,326 | 156,270 |
| Training and development | 20,000 | 115,500 | 20,000 | 155,500 |
| Depreciation | 29,478 | 62,511 | 59,056 | 151,045 |
| Bank charges | 30,985 | 50,756 | 26,318 | 108,059 |
| Postage and delivery | 4,421 | 62,861 | 26,507 | 93,789 |
| Taxes and licenses | | 300 | 1,099 | 1,399 |
| | ₱15,199,392 | ₱34,287,874 | ₱14,669,571 | ₱64,156,837 |

December 31, 2021

| | Fisheries Management | Habitat Protection | Transparency/ Traceability | Total |
|-----------------------------------|---------------------------------|---------------------------|---------------------------------------|--------------------|
| Salaries and wages | ₱5,708,306 | ₱12,512,662 | ₱7,211,639 | ₱25,432,607 |
| Professional and consultancy fees | 4,099,790 | 4,826,682 | 1,684,267 | 10,610,739 |
| Employee benefits | 1,102,350 | 2,368,011 | 1,341,901 | 4,812,262 |
| Meetings and conferences | 272,071 | 1,298,169 | 454,884 | 2,025,124 |
| Communication, light, and water | 444,143 | 901,411 | 471,917 | 1,817,471 |
| Rental | 356,074 | 873,629 | 461,409 | 1,691,112 |
| Supplies | 343,822 | 887,783 | 242,046 | 1,473,651 |
| Travel and transportation | 140,933 | 475,393 | 177,338 | 793,664 |
| Advertising | 148,147 | 331,488 | 189,833 | 669,468 |
| Training and development | 100,412 | 255,537 | 92,412 | 448,361 |
| Repairs and maintenance | 34,562 | 82,369 | 43,265 | 160,196 |
| Subscription fees | 30,190 | 67,849 | 22,305 | 120,344 |
| Depreciation | 21,773 | 52,064 | 43,619 | 117,456 |
| Postage and delivery | 4,444 | 57,750 | 22,921 | 85,115 |
| Bank charges | 18,398 | 28,771 | 15,364 | 62,533 |
| Insurance | - | 32,272 | - | 32,272 |
| Taxes and licenses | - | 2,708 | - | 2,708 |
| | ₱12,825,415 | ₱25,054,548 | ₱12,475,120 | ₱50,355,083 |

Oceana works to effect national policy reforms and science-based campaigns to restore fisheries abundance and protect the livelihoods of artisanal fisherfolk and coastal communities.

Oceana's campaigns are as follows:

Fisheries Management/Protect Sardines Campaign

Implement Fisheries Administrative order 263 and protect sardines with science-based management.

Oceana supported the government in formally establishing the 12 science-based Fisheries Management Areas (FMAs) in the Philippines through the Fisheries Administrative Order No. 263 issued by the Department of Agriculture – Bureau of Fisheries and Aquatic Resources. The Fisheries Management Areas (FMAs) cover all Philippine waters based on considerations of stocks boundary, range, administrative subdivisions, and distribution of fisheries.

The policy regulation directs all coastal local government units, municipal fisherfolks, civil society organizations, academe, and key stakeholders to take on shared responsibilities for the conservation and sustainable management of fishery resources. Within Fisheries Management Areas and consistent with the mandates, the Fisheries Bureau and local government units shall work harmoniously with other stakeholders to manage the straddling and shared fish stocks under their jurisdiction.

Oceana worked on the establishment and implementation of Fisheries Management Areas mechanisms to pave the way for science-based, participatory, and transparent governance framework in restoring the ocean's abundance, managing the resources, while making sure that coastal communities are equitably benefiting from these. These intend to address overfishing in two-thirds of the country's fishing grounds and the multiple anthropogenic pressures facing our oceans. Most of these have been caused by illegal fishing, habitat destruction, pollution, and aggravated by the impacts of climate change. In the Fisheries Management Area, the members of the Management Body are mandated to draw up Management Plans that are science-based, and evaluate the advice of the Scientific Advisory Group, and from consultations with the key stakeholders.

Oceana has initially assisted FMA 11 and focused on FMAs 7, 8 and 12 for the sardine campaign but has reached out to all FMAs in the orientation of stakeholders and assisting their needs and continues to push for its full implementation. Together with partners and non-government organizations, Oceana spearheaded the crafting of the well-received FMA Compliance Scorecard for monitoring the effective implementation of the FMA system and has piloted the development of an FMA website for FMA 8.

To embed science in decision-making and for stakeholders especially decision-makers to understand the urgent need for action to restore the severely threatened fisheries, it commissioned sardines' studies which recommended science-based interventions to stop overfishing and wastage and for the full implementation of the sardine management plan such as reducing fishing efforts and regulating fish catch.

Habitat Protection Campaigns

Deter Illegal Dump and Fill Activity

This campaign aims to deter illegal dump and fill aka land reclamation projects that harm marine ecosystems. Oceana has taken legal action to compel the Department of Environment and Natural Resources and other agencies to fulfill their legal mandate to stop and prevent illegal dump and fill projects in Manila Bay specifically those covered by the proposed Bulacan International Airport in Bulacan and to comply with their mandates of environmental protection and protection of the right of artisanal fisherfolk to preferential access to their fishing grounds under the Constitution, national laws and regulations. It is ironic that the unfortunate dismissal by the Supreme Court of the case in January 2021 has encouraged more communities affected by dump-and-fill projects to reach out to Oceana for support. Oceana with partners crafted a Citizen Scorecard to help guide communities on the requirements of the various environmental laws that protect their constitutional right to a healthy, safe and resilient environment that the government and private sector must follow. The Scorecard is available in English, Pilipino and Cebuano, for easier understanding by the citizens nationwide.

Together with its partners from government, civil society and private sectors, Oceana is fervent in its call to stop the illegal dumping and filling projects in Manila Bay and other coastal areas which destroy critical life support systems, violates our environmental rights, and deprive our artisanal fisherfolk of their livelihood and food security and make us more vulnerable to the dire impacts of climate change.

An ocean victory was clinched with the issuance by the Department of the Interior and Local Government of Memorandum-Circular 2022-018 which emphasized to the local governments of its duties to ensure compliance with the rigid requirements of various laws as safeguards for the protection of the fisheries and the environment. This policy should serve as a deterrence to the initiation by coastal cities and municipalities of reclamation projects in their coasts under pain of liability for loss and damages inflicted upon natural ecosystems and livelihoods of coastal residents.

Strengthen Coral-rich Marine Protected Area

Strengthening the management and expanding the country's marine protected areas and strong enforcement of our laws are necessary to effectively protect our coral reefs and provide refuge for fish and coral reef dwellers. These will provide the best chance for their long-term survival and in return, the people will benefit from the ecosystem services they provide.

Oceana's successful expedition in October-November 2020 to Panaon Island in Southern Leyte resulted to the filing of the bills in the House of Representatives and the Senate in 2021 and the approval of the Protected Area Suitability Assessment by the regional reviewing committee of the Department of Environment and Natural Resources for the establishment of Panaon Island as a new coral-rich Marine Protected Area under the Expanded National Integrated Protected Areas System Act, RA 11038. With the incredible results of the biological assessment and with the data from the socio-economic survey in 2021, and the commitment of the political authorities in Southern Leyte, of which Panaon Island is a part, there is a good chance that it will be declared a protected area soon.

Ban Single-use Plastics

Marine pollution, specifically caused by single-use plastic, is one of the grave perils faced by our ocean. Plastics are not biodegradable nor recyclable and are hazardous. For 2021, Oceana continues to work on its campaign to ban single-use plastics nationwide. It has filed a case together with the fisherfolk, the youth, former Senator and local lawmakers, judge, divers and citizens in the Supreme Court on October 27, 2021 to compel the National Solid Waste Management Commission (Commission) to carry out their legal obligation under RA 9003 to issue a list of non-environmentally acceptable products and packaging materials which includes single-use plastics. The Supreme Court issued the writ of kalikasan, and writ of continuing mandamus as asked for by petitioners Oceana and the co-petitioners and directed the Court of Appeals to hear and receive evidence where it is pending.

Oceana's campaign is to stop single-use plastic pollution straight from the source nationwide.

Oceana has secured the support in this campaign from 128 local governments to enact resolutions supporting a national ban on single-use plastics through its inclusion in the list of environmentally unsound products and packaging and enact ordinances banning single use plastics in their jurisdiction, as required under RA 9003. It has reached out to universities, marine protected areas and partnered with the Park Superintendent of Tubbataha Reefs National Park for the effective implementation of the policy banning single-use plastics.

With partners, Oceana continues the call and push for government to fulfill its duty to ban single-use plastics as an environmentally hazardous product and for the National Solid Waste Management Commission to carry out its clear legal obligation of releasing the list of environmentally unacceptable products and packaging.

Habitat Protection-Mangroves

Oceana embarks on this new campaign to have a national law to restore and protect mangrove and beach forests to prevent coastal erosion, unregulated coastal development, and mitigate the adverse impacts of climate change, and provide a healthy ecosystem for fish and marine resources to thrive and benefit the people.

It will build constituencies for this campaign and map the areas where mangroves exist and push for the implementation of the State policy on reversion of abandoned and undeveloped fishponds.

While the bill is being deliberated in Congress, Oceana works simultaneously with local governments to declare and establish coastal greenbelt zones which are reserved for the protection and rehabilitation of mangrove forests.

Transparency/Traceability CampaignStop Illegal Commercial Fishing in Municipal Waters

In 2019, Oceana with the League of Municipalities of the Philippines, launched its nationwide campaign to stop commercial fishing in municipal waters through the establishment of an online platform, Karagatan Patrol, www.karagatanpatrol.org and in Facebook that shares data on apparent illegal fishing through night lights detected through a satellite technology called Visible Infrared Imaging Radiometer Suites or VIIRS. It also serves as a platform for sharing of reports of illegal fishing in municipal waters and with information accessible to subscribed members from the national agencies and local governments, security, and enforcement agencies, fisherfolk, industry players, academe and media.

Oceana is working with the Bureau of Fisheries and Aquatic Resources (BFAR) in the Fisheries Management areas on the crafting of enforcement plans that will include the requirement and implementation of vessel monitoring rules in Fisheries Management Areas 8 and 7.

Oceana continues to push for the full implementation of the vessel monitoring rules issued by the DA-BFAR to ensure transparency in our oceans. This is resisted by the industry which filed a case to declare it unconstitutional in a regional trial court which Oceana and fisherfolk intervened. When the motion was denied by the trial court, Oceana and co-petitioners appealed to the Supreme Court and which is still pending.

Oceana collaborates with the Department of the Interior and Local Government and coastal cities and municipalities to prioritize the protection of municipal waters and livelihoods of artisanal fisherfolks and to fight illegal fishing in these areas, nationwide through participation in the nationwide validation of the fisheries compliance audit as assessment tool to ensure full implementation of the fisheries laws and regulations, with Manila Bay as the pilot area.

10. GENERAL AND ADMINISTRATIVE EXPENSES

This account for the years ended December 31 consists of the following:

| | 2022 | 2021 |
|-----------------------------------|--------------------|--------------------|
| Salaries and wages | P14,273,847 | P10,887,712 |
| Depreciation (see Note 7) | 3,184,645 | 484,699 |
| Employee benefits | 2,811,559 | 2,727,516 |
| Travel and transportation | 2,132,381 | 269,562 |
| Professional and consultancy fees | 1,148,369 | 405,148 |
| Training and development | 1,018,248 | 171,778 |
| Meetings and conferences | 1,003,836 | 951,115 |
| Rental (see Note 12) | 792,557 | 778,842 |
| Communication, light, and water | 704,091 | 1,375,645 |
| Bank charges | 674,755 | 567,800 |
| Supplies | 546,776 | 87,736 |
| Insurance | 323,062 | 532,634 |
| Subgrants | 91,707 | - |
| Taxes and licenses | 74,316 | 21,615 |
| Subscription fees | 17,432 | 48,407 |
| Advertising | 4,950 | 1,577 |
| Postage and delivery | 213 | 78,088 |
| Repairs and maintenance | - | 630,294 |
| Realized loss from disposal | - | 18,923 |
| Foreign exchange (gain) loss | (1,210,390) | 83,108 |
| | P27,592,354 | P20,122,199 |

Foreign exchange (gain) loss pertains to result of transactions incurred by the Head office charged to Oceana for the use of credit cards and for the remittances made by the Head office to its branch.

Rental expense consists of payment for the office space rent. Office space rental amounted to P792,557 in 2022 and P778,842 in 2021.

11. RELATED PARTY TRANSACTIONS*a) Remittances from Head Office*

Oceana, in the normal course of business, has transactions with the Head Office in the form of cash remittances from Head Office to finance its programs, campaigns and operating expenses.

Remittance from Head Office amounted to P87,708,973 and P75,630,036 for the years ended December 31, 2022 and 2021, respectively.

b) Compensation of Key Management Personnel of Oceana

Oceana's related parties also include its key management personnel. The aggregate compensation and benefits to key management personnel of Oceana amounted to P18,727,932 and P12,726,911 in 2022 and 2021, respectively.

12. LEASE AGREEMENT

Oceana entered into a lease agreement with Ferritz Integrated Development Corporation for an office space in Kalayaan Center Building for a period of three (3) years that commenced on October 15, 2019 and will expire on October 14, 2022. On November 26, 2021, Oceana moved out for the early termination of their agreement.

On July 3, 2020, Oceana entered into a lease agreement with Regray Commercial Ventures Corp. for a new office space in Regray Building for a period of five (5) years that commenced on July 1, 2020 and expires on June 30, 2025. However, due to some factors, the lease agreement was amended and shall have a term of six (6) years commencing on November 18, 2021 until November 18, 2027.

Office space rental is allocated as follows:

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Campaign expenses (see Note 9) | P1,716,583 | P1,691,112 |
| General and administrative expenses (see Note 10) | 792,557 | 778,842 |
| | P2,509,140 | P2,469,954 |

Security deposits pertaining to the lease agreement amounted to P762,132 as of December 31, 2022 and 2021. (see Note 13).

13. REFUNDABLE DEPOSITS

This account as of December 31 consists of:

| | 2022 | 2021 |
|-------------------------------------|-----------------|-----------------|
| Office rental deposit (see Note 12) | P762,132 | P762,132 |
| Internet services deposit | 121,625 | 121,625 |
| Copier rental deposit | 10,800 | 10,800 |
| Equipment deposit | - | 54,614 |
| | P894,557 | P949,171 |

All deposits are covered by agreement or contract.

14. **SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)**

The following supplementary information for the year ended December 31, 2022 is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

I. Revenue Regulations No. 15-2010

a) Value-Added Tax (VAT)

Oceana has no revenue subject to VAT.

b) Excise Tax

Oceana has no transaction subject to excise tax during the year.

c) Documentary Stamp tax

Oceana has paid ₱49,310 documentary stamp tax during the year.

d) All other local and national taxes

The details of taxes and licenses paid during the year are as follows:

| | |
|-----------------------|----------------|
| Documentary stamp tax | ₱49,310 |
| Others | 26,405 |
| | ₱75,715 |

e) Withholding Taxes

Details of the total withholding taxes for the year are as follows:

| | |
|--|--------------------|
| Withholding tax on compensation and benefits | ₱9,926,727 |
| Expanded withholding tax | 876,357 |
| | ₱10,803,084 |

h) Deficiency Tax Assessment and Tax Cases

Oceana does not have any deficiency tax assessments with the BIR and is not involved in any other cases with the BIR or any court outside BIR as of December 31, 2022.

II. Revenue Regulations No. 34-2020

Oceana is not covered by the requirements and procedures for the related party transactions to submit BIR Form 1709 as provided by the Revenue Regulations No. 34-2020.

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