
GLOBAL FISHING WATCH, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

GLOBAL FISHING WATCH, INC.
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DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Global Fishing Watch, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Fishing Watch, Inc. as of December 31, 2020 and 2019, 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.

Taurus CPA Solutions, LLC

Taurus CPA Solutions, LLC

Ellicott City, Maryland
June 4, 2021



GLOBAL FISHING WATCH, INC.**STATEMENTS OF FINANCIAL POSITION****DECEMBER 31****2020****2019**

ASSETS**CURRENT ASSETS**

Cash and cash equivalents	\$ 8,003,048	\$ 5,269,289
Accounts and grants receivable	141,050	341,194
Prepaid expenses	76,506	46,901
Deposits	16,443	16,443
	<u>8,237,047</u>	<u>5,673,827</u>

PROPERTY AND EQUIPMENT

Computers and office equipment	78,910	39,902
Accumulated depreciation	<u>(15,946)</u>	<u>(6,232)</u>
	<u>62,964</u>	<u>33,670</u>

TOTAL ASSETS**\$ 8,300,011** **\$ 5,707,497****LIABILITIES AND NET ASSETS****CURRENT LIABILITIES**

Credit card and accounts payable	\$ 333,595	\$ 210,830
Accrued payroll taxes and benefits	190,831	88,529
Payroll Protection Program (PPP) loan	<u>159,100</u>	<u>-</u>
	<u>683,526</u>	<u>299,359</u>

NET ASSETS

Without donor restrictions	624,198	603,608
With donor restrictions	<u>6,992,287</u>	<u>4,804,530</u>
	<u>7,616,485</u>	<u>5,408,138</u>

TOTAL LIABILITIES AND NET ASSETS**\$ 8,300,011** **\$ 5,707,497**

GLOBAL FISHING WATCH, INC.**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants	161,571	\$ 8,451,012	\$ 8,612,583
In-kind donations	846,396	-	846,396
Investment income	21,065	-	21,065
Other income	2,820	-	2,820
Net assets released from restrictions	<u>6,263,255</u>	<u>(6,263,255)</u>	<u>-</u>
Total support and revenue	<u>7,295,107</u>	<u>2,187,757</u>	<u>9,482,864</u>
EXPENSES			
Program services	7,103,072	-	7,103,072
General and administrative	107,353	-	107,353
Fundraising	<u>64,092</u>	<u>-</u>	<u>64,092</u>
Total expenses	<u>7,274,517</u>	<u>-</u>	<u>7,274,517</u>
INCREASE IN NET ASSETS	20,590	2,187,757	2,208,347
NET ASSETS - BEGINNING OF YEAR	<u>603,608</u>	<u>4,804,530</u>	<u>5,408,138</u>
NET ASSETS - END OF YEAR	<u>\$ 624,198</u>	<u>\$ 6,992,287</u>	<u>\$ 7,616,485</u>

GLOBAL FISHING WATCH, INC.**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants	\$ 197,870	\$ 5,074,871	\$ 5,272,741
In-kind donations	845,508	-	845,508
Investment income	37,720	-	37,720
Other income	4,161	-	4,161
Net assets released from restrictions	<u>4,593,991</u>	<u>(4,593,991)</u>	<u>-</u>
Total support and revenue	<u>5,679,250</u>	<u>480,880</u>	<u>6,160,130</u>
EXPENSES			
Program services	5,449,879	-	5,449,879
General and administrative	42,192	-	42,192
Fundraising	<u>53,935</u>	<u>-</u>	<u>53,935</u>
Total expenses	<u>5,546,006</u>	<u>-</u>	<u>5,546,006</u>
INCREASE IN NET ASSETS	133,244	480,880	614,124
NET ASSETS - BEGINNING OF YEAR	<u>470,364</u>	<u>4,323,650</u>	<u>4,794,014</u>
NET ASSETS - END OF YEAR	<u>\$ 603,608</u>	<u>\$ 4,804,530</u>	<u>\$ 5,408,138</u>

GLOBAL FISHING WATCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>General and Admin.</u>	<u>Fundraising</u>	
STAFF AND BENEFITS				
Benefits	\$ 170,748	\$ 7,527	\$ 3,227	\$ 181,502
Wages	2,109,884	31,682	38,268	2,179,834
Payroll taxes	185,919	3,350	4,586	193,855
Total staff and benefits	<u>2,466,551</u>	<u>42,559</u>	<u>46,081</u>	<u>2,555,191</u>
OTHER EXPENSES				
Data licenses and support	286,378	-	-	286,378
Depreciation	11,882	-	-	11,882
Grants to others	940,089	-	-	940,089
Insurance	18,878	326	353	19,557
Legal and professional	230,153	59,998	194	290,345
Marketing, content and website	183,451	-	-	183,451
Office expenses	51,750	893	967	53,610
Program consultants	495,276	3,471	16,445	515,192
Research, innovation and analysis	530,868	-	-	530,868
Technology development	1,782,570	-	-	1,782,570
Travel	105,226	106	52	105,384
Total other expenses	<u>4,636,521</u>	<u>64,794</u>	<u>18,011</u>	<u>4,719,326</u>
TOTAL EXPENSES	<u>\$ 7,103,072</u>	<u>\$ 107,353</u>	<u>\$ 64,092</u>	<u>\$ 7,274,517</u>

GLOBAL FISHING WATCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>General and Admin.</u>	<u>Fundraising</u>	
STAFF AND BENEFITS				
Benefits	\$ 93,227	\$ 4,422	\$ 2,875	\$ 100,524
Wages	1,245,213	29,642	38,423	1,313,278
Payroll taxes	110,880	2,034	4,402	117,316
 Total staff and benefits	 <u>1,449,320</u>	 <u>36,098</u>	 <u>45,700</u>	 <u>1,531,118</u>
OTHER EXPENSES				
Data licenses and support	203,098	-	-	203,098
Depreciation	5,503	-	-	5,503
Grants to others	773,906	-	-	773,906
Insurance	23,086	575	728	24,389
Legal and professional	80,958	4,585	277	85,820
Marketing, content and website	244,287	67	9	244,363
Office expenses	34,485	859	1,087	36,431
Program consultants	423,405	-	4,400	427,805
Research, innovation and analysis	497,254	-	-	497,254
Technology development	1,328,535	-	-	1,328,535
Travel	386,042	8	1,734	387,784
 Total other expenses	 <u>4,000,559</u>	 <u>6,094</u>	 <u>8,235</u>	 <u>4,014,888</u>
 TOTAL EXPENSES	 <u><u>\$ 5,449,879</u></u>	 <u><u>\$ 42,192</u></u>	 <u><u>\$ 53,935</u></u>	 <u><u>\$ 5,546,006</u></u>

GLOBAL FISHING WATCH, INC.**STATEMENT OF CASH FLOWS****FOR THE YEARS ENDED DECEMBER 31****2020****2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 2,208,347	\$ 614,124
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	11,882	5,503
Exchange (gain) loss	(2,820)	3,406
(Increase) decrease in assets:		
Accounts and grants receivable	200,144	(336,984)
Prepaid expenses	(29,605)	(13,751)
Deposits	-	(11,443)
Increase (decrease) in liabilities:		
Credit card and accounts payable	122,765	(53,016)
Accrued payroll taxes and benefits	102,302	51,422

NET CASH PROVIDED BY OPERATING ACTIVITIES2,613,015 259,261**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of property and equipment	<u>(38,356)</u>	<u>(32,211)</u>
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NET CASH (USED) BY INVESTING ACTIVITIES(38,356) (32,211)**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from PPP loan	<u>159,100</u>	<u>-</u>
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NET CASH PROVIDED BY FINANCING ACTIVITIES159,100 -**NET INCREASE IN CASH AND CASH EQUIVALENTS**

2,733,759 227,050

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR5,269,289 5,042,239**CASH AND CASH EQUIVALENTS - END OF YEAR**\$ 8,003,048 \$ 5,269,289

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The Organization was organized in 2017 as a nonprofit corporation committed to advancing the sustainability of the oceans through increased transparency. By harnessing cutting-edge technology, the mapping platform provides a powerful tool for ocean governance, empowering anyone to view or download data and investigate global fishing activity in near real-time, for free. Their research, data and technology partners are central to achieving the mission to accelerate innovation and deliver actionable insights to increase transparency in commercial fishing and the sustainable management of the oceans.

Method of accounting

The financial statements are prepared on the accrual basis of accounting.

Basis of presentation

The Organization has adopted the Financial Accounting Standards Board ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* which includes the presentation requirements that net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: accounts for net assets that are not subject to donor-imposed restrictions and may be expended for purposes in performing the primary objectives of the Organization. The Organization's Board may designate assets without restrictions for specific operational purposes or projects.

Net assets with donor restrictions: accounts for net assets that have donor imposed restrictions that permit the Organization to expend the donated assets as specified and is satisfied either by the passage of time or by actions of the Organization. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Revenue recognition

The Organization recognizes revenue from contributions, grants and contracts in accordance with Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). Accordingly, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (ASC 606). If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Both ASU 2018-08 and ASC 606 were effective beginning with the year ended December 31, 2019 and both permitted modified retrospective application. Both standards did not have a material impact on the statements of financial position, statements of activities, cash flows, business processes, controls or systems of the Organization. There was no cumulative effect of a change in accounting principle recorded related to the adoption of ASU 2018-18 and ASC 606 on January 1, 2019.

Contributions received are recorded as either net assets without donor restrictions or net assets with donor restrictions for its support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction has been satisfied or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Non-monetary contributions of goods, including fixed assets and equipment, and services are recorded at their fair values in the period received. Donated services are recorded provided that such services either create or enhance non-financial assets or the services are considered “professional” services which the Organization would otherwise be required to purchase.

Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Accounts and grants receivable

Accounts receivable consist of amounts due under contracts or other exchange transactions. Grants receivable are uncollateralized obligations that do not accrue interest. Legally enforceable unconditional grants less an allowance for uncollectible amounts are recorded as grant revenue and grant receivables in the year made. The Organization provides an allowance for doubtful accounts, as needed, for amounts deemed uncollectible. The allowance is based on historical experience and management’s analysis of grants receivable. No allowance for uncollectible accounts is provided for the grant receivable because management does not deem it necessary based on collection experience.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and grants receivable (continued)

Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. The Organization had conditional grants receivable that will be recognized upon satisfaction of the time, performance and reporting requirements as defined by the grants totaling \$11,203,327 and \$3,415,905 as of December 31, 2020 and 2019, respectively.

Property and equipment

Property and equipment are stated at cost if purchased or fair market value at date of gift. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized. The Organization capitalizes all property and equipment greater than \$500 with a useful life of a year or more. The cost of, or fair market value of, property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method over estimated useful lives ranging from five to seven years. Depreciation expense was \$11,882 and \$5,503 for the years ended December 31, 2020 and 2019, respectively.

Grants and grants payable

The Organization makes grants to others based on the agreed upon terms of the subgrant agreements and are recorded as an expense and related liability, as needed, when all significant conditions have been met. The Organization had conditional grants outstanding that will be recognized upon satisfaction of the time, performance and reporting requirements as defined by the grants totaling \$205,531 and \$122,665 as of December 31, 2020 and 2019, respectively.

Income taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not a private foundation.

The Organization did not have any unrecognized tax benefits as of December 31, 2020 and 2019 and does not expect this to change significantly over the next twelve months. The Organization will recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of December 31, 2020 and 2019, the Organization has not accrued interest or penalties related to uncertain tax positions.

Functional allocation of expenses

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency transactions

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

The functional currency of the Organization's foreign payroll related costs are the local currencies. The financial statements of the Organization's foreign activity and balances have been translated into U.S. dollars. The balance sheet accounts have been translated using the exchange rate in effect at the balance sheet date. Income statement amounts have been translated using the exchange rate based on the foreign account funding. There are no significant translation or transaction gains or losses resulting from the exchange rate fluctuations as of and for the years ended December 31, 2020 and 2019.

Change in accounting principles

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Topic 606 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and requires the reporting entity to recognize revenues when control of promised goods or services is transferred to customers and at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which requires organizations to determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. If the agreement (or a referenced document) includes both, the recipient is not entitled to the transferred assets (or a future transfer of assets) until it has overcome the barriers in the agreement. The effective date for resource recipients was periods beginning after December 15, 2018. Accordingly, the Organization adopted the provisions for resource recipients during the year ended December 31, 2019.

On January 1, 2019, the Organization adopted ASU 2018-18 and Topic 606 using the modified retrospective method applied to those contracts which were not completed as of January 1, 2019, (the practical expedient elected). Results for reporting periods beginning after January 1, 2019, are presented under ASU 2018-18 and Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Organization's historic accounting.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in accounting principles (continued)

There were no material changes in the timing of recognition of revenue and therefore there was no adjustment to the opening balance of net assets without donor restrictions. The Organization does not expect the adoption of the new revenue standard to have a significant impact on its changes in net assets on an ongoing basis.

Recently issued accounting pronouncements not yet adopted

In February 2016, the FASB issued ASU 2016-02, *Leases*. This update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in the statement of financial position, along with the expansion of the required quantitative and qualitative lease disclosures. This ASU was to be effective for the Organization beginning in 2020; however, has been deferred to 2021 resulting from the coronavirus pandemic. The Organization is currently evaluating the impact that the adoption of this guidance will have on its financial statements.

Compensated absences

The Organization accrues vacation pay when earned.

NOTE 2 - CASH AND CASH EQUIVALENTS

At times during the year, the Organization maintains cash balances at financial institutions which exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits. Management believes the risk in these situations to be minimal.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization has \$8,237,048 of financial assets available within one year from December 31, 2020 to meet cash needs for general expenditures consisting of cash and cash equivalents of \$8,003,049, receivables and deposits of \$157,493, and prepaid expenses of \$76,506. Receivables are expected to be collected within one year.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Excess cash is generally held in interest-bearing bank accounts.

GLOBAL FISHING WATCH, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020 AND 2019**

NOTE 4 - FORGIVABLE LOANS RECEIVED UNDER THE SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In April 2020, the Organization obtained a PPP loan for \$159,100, which is included with the Organization's liabilities at December 31, 2020. The note matures in April 2022 and bears interest at a fixed annual rate of 1%, with the first six months of interest deferred. The Company believes it used all of the proceeds from the note for qualifying expenses and thus expects to receive approval of its application for the loan to be forgiven in the future, at which time the Company will recognize a gain on forgiveness of the loan. The loan was forgiven subsequent to year end as referenced in Note 12.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

The Organization's net assets with donor restrictions consists of grant funding which has been restricted for a specific or limited period of time and/or stated purpose reporting are available for the following as of December 31:

	<u>2020</u>	<u>2019</u>
Transparency	\$ 3,373,841	\$ 3,589,359
Transshipment	537,753	141,316
Tuna watch initiative	716,505	157,647
Analysis	80,959	241,716
Research	84,508	63,665
Marine reserves	-	84,304
General program support	2,198,721	526,523
	<u>\$ 6,992,287</u>	<u>\$ 4,804,530</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors during the year ended December 31:

	<u>2020</u>	<u>2019</u>
Transparency	\$ 3,360,065	\$ 2,836,837
Transshipment	419,999	210,786
Tuna watch initiative	179,059	590,721
Analysis	476,197	63,284
Research	704,631	160,235
Marine reserves	84,304	115,695
General program support	1,039,000	616,433
	<u>\$ 6,263,255</u>	<u>\$ 4,593,991</u>

GLOBAL FISHING WATCH, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 6 - BOARD DESIGNATED NET ASSETS

The Organization's Board unanimously adopted and approved a goal for management to retain an unrestricted operating reserve equal to six months of forward expected spending. The Organization is building this reserve annually based on the previous years' increase in net assets without donor restrictions. This reserve, which is included on the annual approved budget, is \$735,261 and \$464,856 as of December 31, 2020 and 2019, respectively. No separate bank account is required for this reserve and progress monitored at regularly scheduled Board meetings.

NOTE 7 - IN-KIND DONATIONS

The Organization generally pays for services requiring specific expertise. However, on occasion, vendors will provide services at discounted or no cost. Donated services requiring specific expertise are recorded at their fair market value based on estimated billing rates and data usage rates. The Organization received discounted professional services for cloud computing and event hosting, along with donated personnel hours for engineer services totaling \$846,396 and \$845,508 for the years ended December 31, 2020 and 2019, respectively.

NOTE 8 - EMPLOYEE BENEFIT PLANS

The Organization participates in defined contribution plans for its employees who are at least 21 years of age. The Organization matches employee contributions up to 5% of salary for eligible employees as defined by the plan agreement. Pension expense totaled \$90,342 and \$54,143 for the years ended December 31, 2020 and 2019, respectively.

NOTE 9 - COMMITMENTS

The Organization has entered into various license agreements for Automatic Identification System Data packages to support its programs. The agreements expire on various dates through August 2022 and are paid in quarterly payments totaling \$41,250. Future minimum payments under these agreements total \$288,750 and \$453,750 as of December 31, 2020 and 2019, respectively.

NOTE 10 - CONCENTRATIONS

The Organization received 41% and 39% of its program support from two funders for the years ended December 31, 2020 and 2019, respectively.

GLOBAL FISHING WATCH, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 11 - RELATED PARTY TRANSACTIONS

The Organization has entered into subgrant agreements with two founding partners, SkyTruth and Oceana. Executive employees of these Organizations are also members of the Organization's Board of Directors and Audit Committee. During 2018, SkyTruth entered into a 16-month subgrant agreement in the amount of \$125,000 to assist with the Tuna Watch Initiative. During 2019, Oceana entered into a one-year subgrant agreement in the amount of \$200,000 to assist with the Transparency program, with a subsequent agreement approved for an additional \$200,000 through February 28, 2021. Payments under these agreements totaled \$225,000 and \$200,000 for the years ended December 31, 2020 and 2019, respectively. SkyTruth was due \$25,000 as of December 31, 2019, which was paid in full during the year ended December 31, 2020. No amounts were due to these Organizations as of December 31, 2020.

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

NOTE 12 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 4, 2021, the date which the financial statements were available to be issued.

On March 9, 2021, the Organization received notice from the Small Business Administration that their Paycheck Protection Program loan was fully forgiven.