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Diliman, Quezon City 1101 Philippines

OCEANA.ORG

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Oceana Philippines International** (the Oceana) is responsible for the preparation and fair presentation of the financial statements, for the years ended December 31, 2023 and 2022, in accordance with the Philippine Financial Reporting Standards For SME, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Oceana'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 intends to liquidate the Oceana or to cease operations, or has no realistic alternative but to do so.

The Management is responsible for overseeing the Oceana's financial reporting process.

The Management reviews and approves the financial statements.

Diaz Murillo Dalupan and Company, the independent auditors appointed by the management, has audited the financial statements of the Oceana in accordance with Philippine Standards on Auditing, and in its report to the management, has expressed its opinion on the fairness of presentation upon completion of such audit.



Atty. Gloria Estenzo Ramos
Vice President



Atty. Richard Oliver R. Malong
Resident Agent

Signed this 3rd day of April 2024

Oceana Philippines International
(Philippine Branch Office)

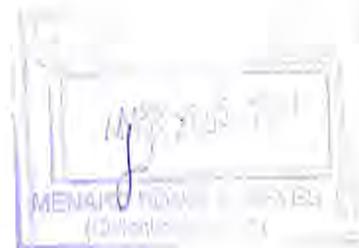
Financial Statements
December 31, 2023 and 2022

and

Independent Auditors' Report

Independent Auditors' Report

The Management
OCEANA PHILIPPINES INTERNATIONAL
(Philippine Branch Office)
3rd Floor, Regray Plaza, No. 30 Matino Street,
Sikatuna Village corner Malumanay Street 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, 2023 and 2022, 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, 2023 and 2022, 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 statements 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.

Global Reach, Global Quality

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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 statements 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

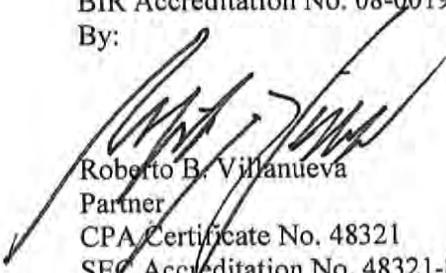
Tax Identification No. 003-294-822

BOA/PRC No. 0234, effective until June 23, 2026

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. Villanueva

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. 10081048, January 6, 2024, Makati City

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

April 3, 2024

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

	As of December 31	
	2023	2022
ASSETS		
Current Assets		
Cash - note 4	₱8,508,721	₱8,956,828
Receivables - note 5	44,413	261,951
Prepayments and other current assets - note 6	985,410	2,306,817
	9,538,544	11,525,596
Noncurrent Assets		
Property and equipment (net) - note 7	9,345,737	12,118,320
Refundable deposits - notes 13	894,557	894,557
	10,240,294	13,012,877
TOTAL ASSETS	₱19,778,838	₱24,538,473
LIABILITIES AND HEAD OFFICE ACCOUNT		
Current Liabilities		
Accounts and other payables - note 8	₱11,585,479	₱7,236,277
Head Office Account	8,193,359	17,302,196
TOTAL LIABILITIES AND HEAD OFFICE ACCOUNT	₱19,778,838	₱24,538,473

(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	
	2023	2022
EXPENSES		
Campaign expenses - note 9	₱66,530,878	₱64,156,837
General and administrative expenses - note 10	36,068,768	27,592,354
EXPENSES FOR THE YEAR	₱102,599,646	₱91,749,191



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

	For the Years Ended December 31	
	2023	2022
HEAD OFFICE ACCOUNT		
Balance at beginning of year	₱17,302,196	₱21,342,414
Remittances from head office - note 11	93,490,809	87,708,973
Expenses for the year	(102,599,646)	(91,749,191)
	₱8,193,359	₱17,302,196

(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**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Expenses for the year	(P102,599,646)	(P91,749,191)
Adjustments for		
Depreciation - note 7	3,306,160	3,335,690
Provision for retirement	3,700,916	561,967
Operating loss before working capital changes	(95,592,570)	(87,851,534)
Decrease (increase) in:		
Receivables	217,538	329,892
Prepayments and other current assets	1,321,407	(1,893,422)
Other noncurrent assets	-	54,614
Increase in payables	648,285	(280,268)
Net cash used in operating activities	(93,405,340)	(89,640,718)
CASH FLOW FROM INVESTING ACTIVITY		
Additions to property and equipment - note 7	(533,576)	(209,909)
CASH FLOW FROM A FINANCING ACTIVITY		
Remittances from head office - note 11	93,490,809	87,708,973
NET DECREASE IN CASH	(448,107)	(2,141,654)
CASH - note 4		
At beginning of year	8,956,828	11,098,482
At end of year	P8,508,721	P8,956,828

(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, 2023 and 2022

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 the 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 campaigns 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 effecting procedural requirements for changing its registered address to its new location with the regulatory agencies.

As of December 31, 2023, 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, 2023, including its comparatives for 2022, were approved and authorized for issue by Oceana’s duly authorized representatives on April 3, 2024.

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 Organization is qualified to adopt Philippine Financial Reporting Standard for Small Entities (PFRS for SEs) under the criteria set by the SEC, however, the Organization chose to adopt PFRS for SMEs on the ground that is a member of an international non-government organization.

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 expenses are 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 assets; otherwise, these are classified as other noncurrent asset.

Prepayments pertain to life insurance, drop box subscriptions, computer software licenses, office rental, utilities and Campaign College in Mexico 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 payables are recognized in the financial statements when Oceana become 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 payables 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 an 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 assets 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 (P). 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 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 estimate 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 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, 2023 and 2022 amounted to ₱9,345,737 and ₱12,118,320, respectively (see Note 7).

(b) Retirement

The determination of the Oceana obligation and cost of retirement benefits is dependent on the selection of certain assumptions used by management in calculating such amounts. Any changes in these assumptions will impact the carrying amount of retirement benefit obligation. In estimating the Oceana's retirement benefit obligation, Oceana used the minimum required retirement payment of 22 ½ days for every year of service as mandated by RA 7641. Oceana also considers the employees current salary rate and the employees' number of service years.

Provision for retirement expense as of December 31, 2023 and 2022 amounted to ₱3,700,916 and ₱561,697, respectively (see Note 10).

4. CASH

This account as of December 31 consists of:

	2023	2022
Cash on hand	₱23,347	₱23,347
Cash in banks	8,485,374	8,933,481
	₱8,508,721	₱8,956,828

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:

	2023	2022
Advances to employees	₱41,140	₱210,873
Advances to supplier	3,273	51,078
	₱44,413	₱261,951

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:

	2023	2022
Travel	P571,179	P-
Subscriptions	19,190	35,363
Supplies	18,167	-
Insurance	6,206	36,372
Communications	2,310	35,426
Other prepaid expense	368,358	2,199,656
	P985,410	P2,306,817

Other prepaid expenses consist of out-of-pocket expenses paid for legal services entered by Oceana, office rental, utilities, Campaign College Conference in Mexico and payment of computer software licenses.

7. **PROPERTY AND EQUIPMENT (NET)**

The details and movement of property and equipment in 2023 are as follows:

	Furniture and fixtures	Computer Equipment	Office and research Equipment	Leasehold Improvement	Total
Cost					
At the beginning of the year	P1,187,814	P3,723,797	P544,621	P12,044,579	P17,500,811
Additions	29,371	368,571	135,634	-	533,576
Write-off	-	(656,424)	(13,118)	-	(669,542)
At the end of the year	P1,217,185	P3,435,944	P667,137	P12,044,579	P17,364,845
Accumulated Depreciation					
At the beginning of the year	P348,465	P2,341,970	P283,139	P2,408,916	P5,382,490
Depreciation	235,471	564,970	96,803	2,408,916	3,306,160
Write-off	-	(656,424)	(13,118)	-	(669,542)
At the end of the year	P583,936	P2,250,516	P366,824	P4,817,832	P8,019,108
Net carrying amount as at December 31, 2023	P633,249	P1,185,428	P300,314	P7,226,747	P9,345,737

Depreciation is allocated as follows:

	2023	2022
Campaign expenses (see Note 9)	P202,888	P151,045
General and administrative expenses (see Note 10)	3,103,272	3,184,645
	P3,306,160	P3,335,690

Oceana's property and equipment as of December 31, 2023 and 2022 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:

	2023	2022
Accounts payable	P657,763	P612,865
Accrued retirement benefits	7,721,208	4,020,291
Due to government agencies	1,062,564	1,356,724
Accrued – other liabilities	2,143,944	1,246,397
	P11,585,479	P7,236,277

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, 2023 and 2022 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 expense's utilities and professional fee.

9. CAMPAIGN EXPENSES

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

	2023	2022
Salaries and wages	P32,400,896	P30,733,067
Professional and consultancy fees	10,810,497	6,835,197
Employee benefits	5,521,964	5,886,829
Travel and Subsistence	5,156,701	5,756,677
Meetings and conferences	2,828,296	3,615,609
Communication, light, and water	2,290,818	2,517,333
Rental	2,179,945	1,716,583
Advertising	2,006,082	2,756,926
Subscription fees	1,930,016	156,270
Insurance	841,386	555,498
Depreciation	202,887	151,045
Supplies	131,244	2,494,130
Postage and delivery	123,279	93,789
Bank charges	101,423	108,059
Repairs and maintenance	-	622,926
Training and development	-	155,500
Taxes and licenses	5,444	1,399
	P66,530,878	P64,156,837

Oceana's campaign expenses were grouped and allocated into operational campaigns as follows:

December 31, 2023

	Fisheries Management	Habitat Protection	Transparency/ Traceability	Total
Salaries and wages	₱6,961,163	₱15,809,251	₱9,630,482	₱32,400,896
Professional and consultancy fees	2,323,473	5,889,848	2,597,176	10,810,497
Employee benefits	1,183,882	2,640,460	1,697,622	5,521,964
Travel and Subsistence	1,219,566	2,410,068	1,527,067	5,156,701
Meetings and conferences	318,994	1,899,291	610,011	2,828,296
Communication, light, and water	473,788	1,102,813	714,217	2,290,818
Rental	461,631	1,051,160	667,154	2,179,945
Advertising	233,600	1,161,215	611,267	2,006,082
Subscription fees	424,248	874,847	630,921	1,930,016
Insurance	179,359	403,967	258,060	841,386
Depreciation	-	185,808	17,079	202,887
Supplies	15,072	57,543	58,629	131,244
Postage and delivery	10,248	95,679	17,352	123,279
Bank charges	25,563	50,063	25,797	101,423
Taxes and licenses	851	2,891	1,702	5,444
	₱13,831,438	₱33,634,904	₱19,064,536	₱66,530,878

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 Subsistence	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

Oceana works to effect science-based fisheries policy reforms through specific, time-bound campaigns focused on ocean conservation.

In 2023, Oceana worked on campaigns related to habitat protection, fisheries management and ensure transparency to combat illegal fishing.

Oceana in the Philippines campaigns are as follows:

Stop Illegal Commercial Fishing in Municipal Waters

The campaign aims to stop illegal commercial fishing in the Philippines' municipal waters. Campaign strategies focused on activities/initiatives to ensure full implementation and enforcement of the law by government in accordance with their mandates, such as the installation of vessel tracking mechanisms or Vessel Monitoring Measures (VMM) for all commercial fishing vessels as required by the law and regulations. Oceana continues to enhance its "Karagatan Patrol" platform/application, which may be used by municipal enforcers and national agencies to track and monitor apparent illegal fishing activities through its satellite detection tools which Oceana subscribes to annually.

The full compliance with vessel monitoring measures has faced delays due to an existing case filed by the fishing industry questioning the validity of the VMM rules in the lower court which ruled in their favor. Oceana, fisherfolk and the Government filed separate appeal in the Supreme Court to invalidate the said ruling. While progress has been made, ongoing pressure on commercial fishing industry continues.

Oceana and its partners agencies and sectors' opposition to the suspension of the vessel monitoring rules were heartened in getting the Presidential order lifting the suspension of the implementation of the VMM rules and ordered its full implementation nationwide in June 2023.

Implement Fisheries Administrative Order 263 and Protect Sardines with Science-Based Management

The campaign aimed to protect sardines and establish Fisheries Management Areas (FMAs) in the Philippines.

Fisheries Administrative Order No. 263 formally established the 12 FMAs in the country ensuring sustainable management of fishery resources. Oceana played a key role in implementing the FMA systems by setting in place mechanisms for transparent and participatory fisheries governance with partners from fisherfolk, NGOs and government. The Department of Agriculture issued guidelines for the National Sardines Management Plan (Plan) in FMAs. All 12 FMAs have established their Science Advisory Groups and Management Bodies that would guide the development and implementation of local ordinances that would contribute to the goal of sustainable fisheries in the country. The BFAR Regional Directors are directed to fully implement the Plan, prioritizing sardines. FMAs 7, 11, and 12 approved plans recognizing sardines as priority species. With technical support from Oceana, an alliance of 21 municipalities in FMA 7 issued a joint resolution to implement the plan in their jurisdiction. The campaign continues to push for full implementation of the FMA system and localization of the Plan.

Oceana plays a crucial role in obtaining the data and evaluating the FMA scorecard to monitor the compliance of these FMAs with the mandates under FAO 263. Through this scorecard, Oceana have seen an improvement in compliance from the 2020 rollout with all 12 FMAs failing in all indicators until the 2022 rollout with 4 out of 12 with 'Excellent' scores and the rest with 'Good' performance.

Ban Single use Plastics.

Plastic continues to be a major source of marine pollution. Plastics are not biodegradable nor recyclable and are hazardous. In 2023, Oceana work harder on its campaign to ban single-use plastics nationwide.

The campaign focuses mainly on compliance by the government with various existing laws like Republic Act 9003. While the Philippines grappled with severe ocean plastic pollution, this has been exacerbated by the National Solid Waste Management Commission's failure to enforce regulations. This has further strained local governments capacity to manage plastic wastes and the environment. To address these issues, Oceana launched a campaign to halt single-use plastic pollution, advocating for a nationwide ban by filing a legal action aimed at compelling the Commission to release a list of banned single-use plastic items. By 2023, their focus shifted to securing a favorable Supreme Court decision to enforce the Commission's mandate, though progress was delayed due to slow court process, the appellate court finally called for a court hearing during the last quarter and now we are awaiting its resolution. Despite setbacks, campaign efforts continued, underlining the urgency of addressing plastic pollution for the health of oceans, wildlife, and communities.

Habitat Protection – Mangroves

The Campaign focuses 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.

By the end of 2023, significant progress was made in the campaign to restore mangrove forests in the Philippines. Oceana's efforts resulted in the passing of 14 legal instruments by local governments, establishing coastal greenbelt zones in the most vulnerable provinces. Additionally, the House of Representatives unanimously approved the Integrated Coastal Management/National Coastal Greenbelt Bill, which aims to facilitate the restoration and preservation of mangroves and beach forests nationwide. The Bill is now under consideration by the Senate. This achievement brings the country closer to its goal of implementing a science-based and cost-effective program to protect, restore, and manage mangrove resources, ultimately mitigating the adverse impacts of climate change and coastal hazards.

Strengthen Coral-Rich Marine Protected Areas

The health of coral reefs is crucial for both fisheries and the livelihoods of millions of people who depend on them. However, Philippine reefs are deteriorating due to various human activities. To protect these vital ecosystems, efforts are underway to strengthen marine protected areas (MPAs). Building on previous successes, such as the protection of the Philippine Rise, Oceana aims to establish Panaon Island in Southern Leyte as a coral rich MPA. The Panaon Bill was passed by the House of Representatives last November 2023. The Senate Committee on Natural Resources, Environment, and Climate Change through the Chairperson Senator Villar sponsored the Panaon Bill and other similar bills on March 20. Oceana expect passage of this bill soon.

The next steps for the campaign would be the development of the protected areas management plan, which includes the identification of the interim Protected Area Superintendent and organization of an interim Protected Area Management Board that will lead in the management of the proposed protected area.

10. GENERAL AND ADMINISTRATIVE EXPENSES

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

	2023	2022
Salaries and wages	₱12,828,758	₱14,273,847
Travel and Subsistence	5,248,168	2,132,381
Retirement Expense	3,700,916	561,697
Employee benefits	3,201,235	2,249,862
Depreciation (see Note 7)	3,103,272	3,184,645
Professional and consultancy fees	2,855,621	1,148,369
Communication, light, and water	1,446,481	704,091
Rental (see Note 12)	879,860	792,557
Meetings and conferences	756,936	1,003,836
Subscription fees	694,937	17,432
Bank charges	674,759	674,755
Supplies	425,013	546,776
Insurance	420,992	323,062
Training and development	274,500	1,018,248
Taxes and licenses	207,097	74,316
Postage and delivery	21,420	213
Advertising	8,516	4,950
Subgrants	-	91,707
Foreign exchange gain	(679,713)	(1,210,390)
	₱36,068,768	₱27,592,354

Foreign exchange (gain) loss pertains to the 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.

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 campaigns and operating expenses.

Remittance from Head Office amounted to P93,490,809 and P87,708,973 for the years ended December 31, 2023 and 2022, 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 P17,410,083 and P18,727,932 in 2023 and 2022, 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:

	2023	2022
Campaign expenses (see Note 9)	P2,179,945	P1,716,583
General and administrative expenses (see Note 10)	879,860	792,557
	P3,059,805	P2,509,140

Security deposits pertaining to the lease agreement amounted to P762,132 as of December 31, 2023 and 2022. (see Note 13).

13. REFUNDABLE DEPOSITS

This account as of December 31 consists of:

	2023	2022
Office rental deposit (see Note 12)	P762,132	P762,132
Internet services deposit	121,625	121,625
Copier rental deposit	10,800	10,800
	P894,557	P894,557

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, 2023, 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 ₱31,937 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:

Building permits	₱99,102
Business permits	33,345
Documentary stamp tax	31,937
Travel tax	27,108
Annual registration fee	500
Others	20,549
	₱212,541

e) Withholding Taxes

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

Withholding tax on compensation and benefits	₱8,954,085
Expanded withholding tax	896,718
	₱9,850,803

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, 2023.

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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