

THE CORAL REEF ALLIANCE

FINANCIAL STATEMENTS

June 30, 2025

(with summarized financial information for June 30, 2024)



THE CORAL REEF ALLIANCE

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Coral Reef Alliance
Oakland, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Coral Reef Alliance (a nonprofit organization; the "Organization"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS") and if applicable, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance U.S. GAAP and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2026 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Organization's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 7, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BPM LLP

San Jose, California
February 5, 2026

THE CORAL REEF ALLIANCE
STATEMENTS OF FINANCIAL POSITION

As of June 30, 2025

(with summarized financial information for June 30, 2024)

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,254,089	\$ 3,037,427
Certificates of desposits	2,095,338	-
Contributions and grants receivable, net	836,214	720,265
Prepaid expenses	55,135	16,616
Total current assets	4,240,776	3,774,308
Contributions and grants receivable, noncurrent, net	448,146	258,389
Other assets	22,991	22,168
Total assets	\$ 4,711,913	\$ 4,054,865
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 205,901	\$ 66,766
Other accrued expenses	44,001	66,450
Current portion of operating lease liability	-	15,306
Total current liabilities	249,902	148,522
Deferred revenue	-	53,161
Total liabilities	249,902	201,683
Net assets:		
Without donor restrictions	3,010,053	2,144,315
With donor restrictions	1,451,958	1,708,867
Total net assets	4,462,011	3,853,182
Total liabilities and net assets	\$ 4,711,913	\$ 4,054,865

THE CORAL REEF ALLIANCE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended June 30, 2025
(with summarized financial information for June 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Revenue and other support:				
Individual and corporate contributions	\$ 2,406,231	\$ -	\$ 2,406,231	\$ 2,173,128
Foundation and government grants	1,169,707	2,063,034	3,232,741	2,671,649
Foreign agency grants	38,659	150,000	188,659	142,000
Interest and investment income	72,762	-	72,762	81,909
In-kind contributions	83,072	-	83,072	69,646
Other	29,826	-	29,826	22,171
	<u>3,800,257</u>	<u>2,213,034</u>	<u>6,013,291</u>	<u>5,160,503</u>
Total revenue and support				
Net assets released from restrictions	2,469,943	(2,469,943)	-	-
	<u>6,270,200</u>	<u>(256,909)</u>	<u>6,013,291</u>	<u>5,160,503</u>
Total revenue, support, and net assets release from restrictions				
Expenses:				
Program services	4,137,101	-	4,137,101	3,361,880
Support services:				
General and administrative	417,848	-	417,848	756,364
Fundraising	849,513	-	849,513	680,475
	<u>5,404,462</u>	<u>-</u>	<u>5,404,462</u>	<u>4,798,719</u>
Total expenses				
Change in net assets	865,738	(256,909)	608,829	361,784
Net assets, beginning of year	2,144,315	1,708,867	3,853,182	3,415,989
<i>Restatement</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,409</u>
Net assets, beginning of year, as restated	<u>2,144,315</u>	<u>1,708,867</u>	<u>3,853,182</u>	<u>3,491,398</u>
Net assets, end of year	<u>\$ 3,010,053</u>	<u>\$ 1,451,958</u>	<u>\$ 4,462,011</u>	<u>\$ 3,853,182</u>

THE CORAL REEF ALLIANCE

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2025

(with summarized financial information for June 30, 2024)

	Program Services	Management and General	Fundraising	Total 2025 Expenses	Total 2024 Expenses
Personnel expense	\$ 2,240,399	\$ 266,923	\$ 433,133	\$ 2,940,455	\$ 2,669,777
Consultants	654,010	88,915	159,296	902,221	720,061
Grants and initiatives	813,429	-	-	813,429	540,570
Travel	227,937	4,199	68,053	300,189	354,426
Supplies and equipment	90,370	24,791	97,949	213,110	193,533
Trainings and workshops	35,856	688	21,103	57,647	48,874
Printing and copying	19,348	-	16,602	35,950	32,733
Dues and subscriptions	8,489	14,240	11,946	34,675	46,945
Telephone and internet	19,037	5,885	9,010	33,932	23,673
Bank charges	2,505	4,858	27,769	35,132	28,817
Occupancy	22,094	-	2,918	25,012	127,021
Other expenses	3,627	7,349	1,734	12,710	12,289
Total	<u>\$ 4,137,101</u>	<u>\$ 417,848</u>	<u>\$ 849,513</u>	<u>\$ 5,404,462</u>	<u>\$ 4,798,719</u>

THE CORAL REEF ALLIANCE

STATEMENT OF CASH FLOWS

For the year ended June 30, 2025

(with summarized financial information for June 30, 2024)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 608,829	\$ 361,784
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Investment income	662	-
Operating lease right-of-use amortization	14,386	92,032
Changes in assets and liabilities:		
Contributions and grants receivable	(305,706)	(296,322)
Prepaid expenses	(38,519)	12,866
Operating lease liability	(30,515)	(97,078)
Accounts payable	139,135	(19,053)
Other accrued expenses	(22,448)	(37,160)
Deferred revenue	(53,162)	53,161
Net cash provided by operating activities	<u>312,662</u>	<u>70,230</u>
Cash flows from investing activities:		
Purchases of investments	<u>(2,096,000)</u>	<u>-</u>
Net cash used by investing activities	<u>(2,096,000)</u>	<u>-</u>
Net change in cash and cash equivalents	(1,783,338)	70,230
Cash and cash equivalents, beginning of year	<u>3,037,427</u>	<u>2,967,197</u>
Cash and cash equivalents, end of year	<u>\$ 1,254,089</u>	<u>\$ 3,037,427</u>

THE CORAL REEF ALLIANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1. Description of the Organization

The Coral Reef Alliance (the “Organization”) is a member supported, nonprofit organization, dedicated to saving the world’s coral reefs by working collaboratively with communities to reduce direct threats to reefs in ways that provide long-term benefits to people and wildlife. In parallel, the Organization is actively expanding the scientific understanding of how corals adapt to climate change and is applying this information to give reefs the best chance to thrive for generations to come. The Organization’s major sources of revenue are foundation and government grants and donations.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization classified its net assets and changes in net assets as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization does not have any donor restricted net assets that are perpetual in nature as of June 30, 2025.

Summarized Comparative Financial Statements

The financial statements include certain prior year summarized comparative information, but not by function classification or net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reported period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are all highly liquid investments with an original maturity of three months or less.

Any certificates of deposits with an original maturity date greater than three months and less than twelve months were classified as short-term investments.

THE CORAL REEF ALLIANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

2. Summary of Significant Accounting Policies, continued

Investments

The Organization records equity securities with readily determinable fair values and all debt securities at fair value with unrealized gains and losses included on the statements of activities and changes in net assets. Purchases and sales of securities are reflected on a trade date basis.

Contributions and Grants Receivable

Contributions and grants receivable consist of unconditional promises to give. Delinquent grants receivable do not accrue interest. Unconditional promises to give that are expected to be collected in excess of one year are recorded at the present value of their estimated future cash flows. The Organization continually monitors the credit worthiness of each account and recognizes allowances for estimated bad debts on accounts that are no longer estimated to be collectible. The Organization adjusts any allowance for subsequent collections and final determination that a receivable is no longer collectible. The Organization had an allowance for doubtful accounts of \$0 as of June 30, 2025.

Property and Equipment

Property and equipment is stated at cost. Donated assets are recorded at their estimated fair market values at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization classifies its financial assets and liabilities according to the following hierarchy, and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value:

Level 1 – Valuation inputs are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2 – Valuation inputs are obtained from readily-available pricing sources for comparable instruments.

Level 3 – Valuation inputs are obtained without observable market values and require a high level of judgment to determine the fair value.

See Note 3 for fair value measurement detail.

THE CORAL REEF ALLIANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

2. Summary of Significant Accounting Policies, continued

Revenue Recognition - Contributions and Grants

Contributions and grants are recognized as revenue in the period unconditionally promised or received. The Organization reports contributions and grants in the net assets with donor restrictions class if they are received with donor stipulations as to their use, or if the contribution contains an implied time restriction. They are initially reported in the net assets with donor restrictions class, even if it is anticipated such restrictions will be met in the current reporting period. Conditional promises to give and grants with restrictions are presented as contributions or grants without donor restrictions upon meeting the conditions if the condition and restriction are met in the same reporting period. As of June 30, 2025, contributions and grants approximating \$725,000 have not been recognized on the statement of activities because these contracts and contributions have limited discretion and barriers have not yet been met. If contributions are received without donor stipulations or an implied time restriction, they are considered unrestricted funds and are included as part of the Organization's net assets without donor restrictions. Cash received before conditions are met are deferred and presented as deferred revenue on the statement of financial position.

In-Kind Contributions

Contributions of tangible assets are reflected as contributions at their estimated fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used.

Donated services are recognized at their estimated fair value at the date the services were provided, if the services (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Income Taxes

Under provision of Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, the Organization is exempt from income taxes, except from net income from unrelated business income. There were no unrelated business activities in 2025 or 2024. Accordingly, no tax expense was incurred during either year.

The Organization has evaluated its tax positions taken for all open tax years. In management's judgment, there were no uncertain tax positions as of June 30, 2025.

Functional Expense Classification

The Organization charges and allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with the program or support service are assigned directly. Expenses common to several functions are allocated proportionate to personnel costs incurred by each function.

Program costs include activities that result in goods and services being distributed to beneficiaries, customers, or members that fulfill the purpose or mission for which the Organization exists.

Support services include general and administrative costs and fundraising costs. General and administrative costs include oversight, business management, general record keeping, budgeting, financing, and related administrative activities. Fundraising costs include outreach to members; writing grant proposals; and conducting other activities involved with soliciting contributions.

THE CORAL REEF ALLIANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

2. Summary of Significant Accounting Policies, continued

Credit Risk

Financial instruments which potentially subject the Organization to credit risk consist principally of cash and cash equivalents and contributions and grants receivable. The Organization places its cash and cash equivalent balances with high credit quality financial institutions and distributes deposits among several institutions to reduce credit risk. Periodically throughout the year, cash is maintained at the various banks in excess of insured Federal Deposit Insurance Corporation amounts of \$250,000.

Leases

Lease agreements are evaluated to determine whether an arrangement is or contains a lease in accordance with Accounting Standards Codification (“ASC”) 842, *Leases* (“ASC 842”). Operating leases are included in Operating lease right-of-use (“ROU”) assets, net and operating lease liabilities on the statement of financial position.

ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization’s lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. operating lease expense is recognized on a straight-line basis over the lease term under general and administrative expenses on the statement of operations.

A lease with an initial term of 12 months or less (“short-term leases”) is generally not recorded on the statement of financial position, unless the arrangement includes an option to purchase the underlying asset, or renew the arrangement that the Organization is reasonably certain to exercise. The Organization recognizes short-term leases as lease expense when incurred.

Under the available practical expedient, the Organization accounts for the lease and non-lease components as a single lease component.

The Organization’s lease expired on August 31, 2024 and no new leases were entered into for the year ended June 30, 2025.

THE CORAL REEF ALLIANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3. Fair Value Measurements

The following table summarizes the Organization's financial assets measured at fair value on a recurring basis as of June 30, 2025:

	Assets at Fair Value as of June 30, 2025			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:				
Money market funds	\$ 325,766	\$ -	\$ -	\$ 325,766
Certificate of deposit	-	449,957	-	449,957
Cash and cash equivalents total	325,766	449,957	-	775,723
Investments:				
Certificate of deposit	-	2,095,338	-	2,095,338
	<u>\$ 325,766</u>	<u>\$ 2,545,295</u>	<u>\$ -</u>	<u>\$ 2,871,061</u>

4. Contributions and Grants Receivable

Unconditional promises to give were estimated to be collected as follows as of June 30, 2025:

Within one year	\$ 836,214
In one to five years	565,809
	<u>1,402,023</u>
Less: discount to net present value	(117,663)
Total contributions and grants receivable	<u>\$ 1,284,360</u>

The Organization does not recognize conditional promises to give as revenue until the conditions on which they depend are substantially met. The present value discount for donor promises to give was approximately 4.28%.

5. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of June 30, 2025:

Meso-America	\$ 3,524
Global conservation science	524,555
Hawaii	309,876
Western Caribbean	601,603
Maui Nui	12,400
Total net assets with restrictions	<u>\$ 1,451,958</u>

THE CORAL REEF ALLIANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

5. Net Assets With Donor Restrictions, continued

Net assets released from restrictions by incurring expenses that satisfied the restricted purpose during the year, by the passage of time, or by the direction of the donor were as follows for the year ended June 30, 2025:

Meso-America	\$ 392,237
Global conservation science	434,629
Hawaii	407,987
Western Caribbean	1,155,090
Scaling/strategy	80,000
	<u>2,469,943</u>
	<u>\$ 2,469,943</u>

6. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following as of June 30, 2025:

Cash and cash equivalents	\$ 1,254,089
Certificates of deposits	2,095,338
Contributions and grants receivable, current	836,214
	<u>4,185,641</u>
	<u>\$ 4,185,641</u>

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

7. Retirement Plan

The Organization has a defined contribution plan (the "Plan") covering all employees who meet minimum requirements. The Plan conforms to the provisions set by the Internal Revenue Service Code Section 401(k), *Defined Contribution Retirement Plan*. Under the 401(k) Plan, the Organization matches participants' contributions to the Plan up to 4% of annual compensation. The Organization contributed \$71,446 to the Plan for the year ended June 30, 2025.

THE CORAL REEF ALLIANCE
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

8. Contributed Nonfinancial Assets

The Organization receives donated goods and assets from donors that are nonfinancial assets. Contributed nonfinancial assets were as follows for the year ended June 30, 2025:

	Amount Recognized	Program/Activity Utilization	Donor Restrictions	Valuation Techniques and Inputs
Equipment and supplies	\$ 83,072	Program services	None	Fair market value was

9. Concentrations

For the year ended June 30, 2025, the Organization had two donors who contributed approximately 32% of contributions. For the year ended June 30, 2025, three donors comprised approximately 79% of contributions and grants receivable.

10. Subsequent Events

Subsequent to year-end, the Organization was notified that they had not timely filed Form 5500 for calendar year 2023 from the Department of Labor (“DOL”). In the notification the DOL alerted the Organization that they would incur a penalty for this late filing of \$122,000. The Organization has since filed the necessary form and is working with the DOL to resolve the matter and determine the final penalty, if any.

The Organization’s management has evaluated subsequent events and transactions through February 5, 2026, the date which the financial statements were available to be issued, for potential recognition or disclosure in the financial statements. Management has determined that, other than above, there are no subsequent events that require disclosure or recognition in the accompanying financial statements.

SUPPLEMENTARY INFORMATION

THE CORAL REEF ALLIANCE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Passed Through to Subrecipients	Federal Expenditures
National Oceanic and Atmospheric Administration			
Office of Coastal Management	11.473	\$ 499,440	\$ 990,524
Total Expenditures of Federal Awards		\$ 499,440	\$ 990,524

THE CORAL REEF ALLIANCE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2025

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Coral Reef Alliance ("Coral") under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and is based on its claimed costs with voluntary reduction. The final claimed rates submission is based on the audited financial statements less unallowable costs. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the Schedule presents only a selected portion of the operations of Coral, it is not intended to and does not present the financial position, change in net assets, or cash flows of Coral.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting, and adjusted for the requirements described in Note 1. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Coral Reef Alliance
Oakland, California

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Coral Reef Alliance (a non-profit organization, the "Organization"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated February 5, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Organization's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Directors of
The Coral Reef Alliance

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BPM LLP

San Jose, California
February 5, 2026



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Coral Reef Alliance
Oakland, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Coral Reef Alliance's (a non-profit organization, the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2025. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The Board of Directors of
The Coral Reef Alliance

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BPM LLP

San Jose, California
February 5, 2026

THE CORAL REEF ALLIANCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2025

Section I – Summary of Audit Results

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditors' report issued: | Unmodified |
| 2. Internal control over financial reporting | |
| • Material weakness identified? | No |
| • Significant deficiencies identified? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|--|---|
| 4. Internal control over major programs: | |
| • Material weakness identified? | No |
| • Significant deficiencies identified? | None reported |
| 5. Type of auditors' report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a)? | No |
| 7. Identification of major programs: | |
| Assistance | |
| <u>Listing Number</u> | <u>Funding Agency</u> |
| 11.473 | Department of Commerce–Office of Coastal Management |
| 8. Dollar threshold used to distinguish between type A and type B Programs: | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | No |

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Findings and Questioned Costs

No matters were reported.

Section IV – Status of Prior Year Audit Findings

Not applicable. No prior year findings noted.