

Project CETI, Inc.

Audited Financial Statements

December 31, 2024

Project CETI, Inc.
Audited Financial Statements
December 31, 2024

C O N T E N T S

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-11

Independent Auditor's Report

To the Board of Directors of
Project CETI, Inc.

Opinion

We have audited the accompanying financial statements of Project CETI, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, 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 December 31, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's 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 with accounting principles generally accepted in the United States of America, 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 within one year after the date that the financial statements are issued or available to be issued.

Auditor's 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 auditor's 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 GAAS 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 GAAS, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 20, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sax CPAs LLP

New York, NY
May 13, 2025

Project CETI, Inc.

Statement of Financial Position

As of December 31, 2024
(With comparative totals as of December 31, 2023)

	December 31,	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ 10,798,505	\$ 8,668,048
Contributions receivable	-	333,333
Insurance proceeds receivable	-	73,151
Property, plant and equipment, net	3,050,930	3,808,077
TOTAL ASSETS	\$ 13,849,435	\$ 12,882,609
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 213,767	\$ 284,063
Total liabilities	213,767	284,063
NET ASSETS		
Without donor restrictions	13,594,846	12,161,589
With donor restrictions	40,822	436,957
Total net assets	13,635,668	12,598,546
TOTAL LIABILITIES AND NET ASSETS	\$ 13,849,435	\$ 12,882,609

The attached auditor's report and notes are an integral part of these financial statements.

Project CETI, Inc.

Statement of Activities

For the Year Ended December 31, 2024
(With comparative totals for the year ended December 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 12/31/24	Total 12/31/23
PUBLIC SUPPORT AND REVENUE				
Contributions	\$ 5,621,913	\$ -	\$ 5,621,913	\$ 5,935,679
In-kind donations	-	-	-	30,298
Gain on disposal of equipment	-	-	-	79,604
Interest income	411,079	-	411,079	214,441
Net assets released from restrictions	396,135	(396,135)	-	-
Total public support and revenue	<u>6,429,127</u>	<u>(396,135)</u>	<u>6,032,992</u>	<u>6,260,022</u>
EXPENSES				
Program services	3,333,669	-	3,333,669	5,313,349
General and administrative	1,519,094	-	1,519,094	1,359,806
Fundraising	143,107	-	143,107	119,972
Total expenses	<u>4,995,870</u>	<u>-</u>	<u>4,995,870</u>	<u>6,793,127</u>
Change in net assets	1,433,257	(396,135)	1,037,122	(533,105)
NET ASSETS, <i>beginning of year</i>	<u>12,161,589</u>	<u>436,957</u>	<u>12,598,546</u>	<u>13,131,651</u>
NET ASSETS, <i>end of year</i>	<u>\$ 13,594,846</u>	<u>\$ 40,822</u>	<u>\$ 13,635,668</u>	<u>\$ 12,598,546</u>

The attached auditor's report and notes are an integral part of these financial statements.

Project CETI, Inc.

Statement of Functional Expenses

For the Year Ended December 31, 2024
(With comparative totals for the year ended December 31, 2023)

	Program Services	General and Administrative	Fundraising	Total Expenses 12/31/24	Total Expenses 12/31/23
Salaries	\$ 297,207	\$ 216,799	\$ 35,377	\$ 549,383	\$ 341,986
Payroll taxes and employee benefits	9,677	28,610	3,786	42,073	52,675
Total salaries and related expenses	306,884	245,409	39,163	591,456	394,661
Professional fees	99,069	374,696	-	473,765	651,024
Grant awards	2,195,905	-	-	2,195,905	4,113,768
Marine expenses	198,929	-	-	198,929	164,889
Travel	71,453	132,811	-	204,264	96,929
Occupancy	49,444	-	-	49,444	57,958
Equipment	20,525	6,937	-	27,462	60,786
Office supplies	23,117	11,559	3,853	38,529	6,972
Postage and shipping	26,659	626	-	27,285	16,613
Insurance	46,388	23,194	7,731	77,313	220,386
Repairs and maintenance	14,522	-	-	14,522	17,941
Other expenses	44,742	26,030	-	70,772	71,846
Depreciation	236,032	697,832	92,360	1,026,224	919,354
Total expenses for statement of activities	\$ 3,333,669	\$ 1,519,094	\$ 143,107	\$ 4,995,870	\$ 6,793,127

The attached auditor's report and notes are an integral part of these financial statements.

Project CETI, Inc.

Statement of Cash Flows

For the Year Ended December 31, 2024
(With comparative totals for the year ended December 31, 2023)

	December 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,037,122	\$ (533,105)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,026,224	919,354
Gain on disposal of property and equipment	-	(79,604)
Changes in assets and liabilities:		
Contributions receivable	333,333	403,333
Insurance proceeds receivable	73,151	(73,151)
Accounts payable and accrued expenses	(70,296)	214,905
Total adjustments	1,362,412	1,384,837
Net cash provided by operating activities	2,399,534	851,732
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(308,465)	(628,403)
Disposal of property and equipment	39,388	402,625
Net cash used for investing activities	(269,077)	(225,778)
Net increase in cash and cash equivalents	2,130,457	625,954
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	8,668,048	8,042,094
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 10,798,505	\$ 8,668,048
SUPPLEMENTAL CASH FLOW INFORMATION		
No interest or taxes were paid.		

The attached auditor's report and notes are an integral part of these financial statements.

Project CETI, Inc.

Notes to Financial Statements

December 31, 2024

Note 1 - Nature of the Organization

Project CETI, Inc. (Cetacean Translation Initiative) (the "Organization") is a nonprofit organization and science and conservation initiative that is applying advanced machine learning and state-of-the-art gentle robotics to listen to and translate the communication of sperm whales in Dominica. The Organization is assembling a one-of-a-kind large-scale acoustic and behavioral data set to train their technology to observe whale communication in context and to translate whale-speak. To accomplish this mission, the Organization's science team is made up of the world's leading artificial intelligence and natural language processing experts, cryptographers, linguists, marine biologists, roboticists and underwater acousticians. For the first time in history, we now have the tools to begin to understand the communications of these enigmatic animals.

The Organization has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code effective January 9, 2020.

The Organization's main sources of revenue are grants and contributions.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting and Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting, which is the process of recording revenue and expenses when earned or incurred rather than received or paid.

The financial statements are presented in accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958 -*Presentation of Financial Statements of Not-For-Profit Entities*. FASB ASC 958 requires the Organization to report information regarding its financial position and activities according to the following specific classes of net assets:

- *Net Assets without Donor Restrictions* - represents those resources for which there are no restrictions by donors as to their use.
- *Net Assets with Donor Restrictions* - represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

b. Revenue Recognition

The Organization follows the requirements of FASB ASC 958-605 for recording contributions, which are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions that do not contain donor restrictions are recorded in the class of net assets without donor restrictions. Contributions that do contain donor restrictions are recorded in the class of net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified in the class of net assets without donor restrictions.

Project CETI, Inc.

Notes to Financial Statements

December 31, 2024

Note 2 - Summary of Significant Accounting Policies - Continued

b. Revenue Recognition - Continued

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized as income once the conditions have been substantially met.

Conditional promises to give are recognized when the conditions on which they depend on are substantially met. The Organization received conditional pledges during the year ended December 31, 2020 totaling \$18,170,000. During the years ended December 31, 2024 and 2023, \$0 and \$3,960,000, respectively, of the fiscal year 2020 balance was recognized as revenue as the Organization met related conditions. As of December 31, 2024, all the conditional pledges, have been recognized.

Unconditional promises to give that are expected to be received in less than one year are recorded at net realizable value. Those that are due in greater than one year are recorded at fair value, which is calculated using risk adjusted present value techniques. Long-term promises to give are treated as time restricted until the period they are due, at which time they will be released from restriction and counted towards operations. Pledges are reviewed for collectability. No reserve has been established for uncollectable pledges during the years ended December 31, 2024 and 2023.

c. Cash and Cash Equivalents

All highly liquid financial instruments purchased with a maturity of three months or less are considered to be cash and cash equivalents for purposes of the accompanying statements of financial position and cash flows.

d. Property and Equipment

Equipment and vehicle purchases that exceed \$1,500 are recorded at cost or at fair value at the date of donation. Routine maintenance is expensed as incurred.

Equipment and vehicle are depreciated using the straight-line method over the estimated useful life of the asset (between three to five years).

e. In-kind Donations

The Organization recognizes contributions of services that create or enhance non-financial assets or require specialized skills, that are provided by those possessing those skills, and would have been paid if not contributed.

Project CETI, Inc.

Notes to Financial Statements

December 31, 2024

Note 2 - Summary of Significant Accounting Policies - Continued

e. In-kind Donations - Continued

During the year ended December 31, 2023, the Organization received legal services in the amount of \$30,298, of which \$11,513 was charged to management and general and \$18,785 was charged to program services. These services are valued at the standard hourly rates charged for similar services.

f. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

g. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following costs are allocated based on time and effort:

- Salaries
- Employee benefits
- Depreciation and amortization

All other expenses have been charged directly to the applicable program or supporting services.

h. Management Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

i. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for the periods ending December 31, 2021 and later are subject to examination by applicable taxing authorities.

Project CETI, Inc.

Notes to Financial Statements

December 31, 2024

Note 3 - Property, Plant & Equipment

Property plant & equipment consist of:

	December 31,	
	2024	2023
Equipment	\$ 5,189,302	\$ 4,973,234
Vehicles	53,009	-
	5,242,311	4,973,234
Less: accumulated depreciation	(2,191,381)	(1,165,157)
Total property, plant & equipment, net	<u>\$ 3,050,930</u>	<u>\$ 3,808,077</u>

Note 4 - Net Assets with Donor Restrictions

The following summarizes the activity of net assets with donor restrictions:

	December 31, 2024			
	Balance 1/1/24	Contributions	Released from Restrictions	Balance 12/31/24
Program restrictions:				
Dominica <i>WAVE</i> Program	\$ 103,624	\$ -	\$ (62,802)	\$ 40,822
Time restrictions	333,333	-	(333,333)	-
Total	<u>\$ 436,957</u>	<u>\$ -</u>	<u>\$ (396,135)</u>	<u>\$ 40,822</u>

	December 31, 2023			
	Balance 1/1/23	Contributions	Released from Restrictions	Balance 12/31/23
Program restrictions:				
Dominica <i>WAVE</i> Program	\$ 150,044	\$ -	\$ (46,420)	\$ 103,624
Time restrictions	666,666	-	(333,333)	333,333
Total	<u>\$ 816,710</u>	<u>\$ -</u>	<u>\$ (379,753)</u>	<u>\$ 436,957</u>

Project CETI, Inc.

Notes to Financial Statements

December 31, 2024

Note 5 - Availability and Liquidity

Financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Financial assets at year-end:

Cash and cash equivalents	\$ 10,798,505
---------------------------	---------------

Less amounts not available for general expenditures:

Donor restricted contributions-purpose	<u>(40,822)</u>
--	-----------------

Financial assets available within one year to meet
cash needs for general expenditures

<u>\$ 10,757,683</u>

Note 6 - Subsequent Events

Subsequent events have been evaluated through May 13, 2025, the date the financial statements were available to be issued. There were no material events that have occurred that required adjustment to or disclosure to the financial statements.