# Project CETI, Inc.

Audited Financial Statements

December 31, 2025

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C O N T E N T S

## 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, 2025, 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, 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.

### 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 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 13, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sax LLP

New York, NY
May 29, 2026

# Project CETI, Inc.

Statement of Financial Position

As of December 31, 2025
(With comparative totals as of December 31, 2024)

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 2,054,892 | $ 10,798,505 |
| Investments | 6,000,000 | - |
| Interest receivable | 71,580 | - |
| Property, plant and equipment, net | 2,290,204 | 3,050,930 |
| **TOTAL ASSETS** | **$ 10,416,676** | **$ 13,849,435** |
| **LIABILITIES AND NET ASSETS** | | |
| **LIABILITIES** | | |
| Accounts payable and accrued expenses | $ 129,666 | $ 213,767 |
| Total liabilities | 129,666 | 213,767 |
| **NET ASSETS** | | |
| Without donor restrictions | 10,287,010 | 13,594,846 |
| With donor restrictions | - | 40,822 |
| Total net assets | 10,287,010 | 13,635,668 |
| **TOTAL LIABILITIES AND NET ASSETS** | **$ 10,416,676** | **$ 13,849,435** |

*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, 2025
(With comparative totals for the year ended December 31, 2024)

| | Without Donor Restrictions | With Donor Restrictions | Total 12/31/25 | Total 12/31/24 |
|---|---|---|---|---|
| **PUBLIC SUPPORT AND REVENUE** | | | | |
| Contributions | $ 1,423,314 | $ - | $ 1,423,314 | $ 5,621,913 |
| Interest income | 381,352 | - | 381,352 | 411,079 |
| Net assets released from restrictions | 40,822 | (40,822) | - | - |
| Total public support and revenue | 1,845,488 | (40,822) | 1,804,666 | 6,032,992 |
| **EXPENSES** | | | | |
| Program services | 3,915,209 | - | 3,915,209 | 3,333,669 |
| General and administrative | 1,131,628 | - | 1,131,628 | 1,519,094 |
| Fundraising | 106,487 | - | 106,487 | 143,107 |
| Total expenses | 5,153,324 | - | 5,153,324 | 4,995,870 |
| **Change in net assets** | **(3,307,836)** | **(40,822)** | **(3,348,658)** | **1,037,122** |
| **NET ASSETS, *beginning of year*** | 13,594,846 | 40,822 | 13,635,668 | 12,598,546 |
| **NET ASSETS, *end of year*** | **$ 10,287,010** | **$ -** | **$ 10,287,010** | **$ 13,635,668** |

*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, 2025
(With comparative totals for the year ended December 31, 2024)

| | Program Services | General and Administrative | Fundraising | Total Expenses 12/31/25 | Total Expenses 12/31/24 |
|---|---|---|---|---|---|
| Salaries | $ 317,713 | $ 226,080 | $ 36,466 | $ 580,259 | $ 549,383 |
| Payroll taxes and employee benefits | 10,889 | 31,281 | 4,140 | 46,310 | 42,073 |
| Total salaries and related expenses | 328,602 | 257,361 | 40,606 | 626,569 | 591,456 |
| Professional fees | 187,687 | 594,801 | 8,500 | 790,988 | 473,765 |
| Grant awards | 1,825,530 | - | - | 1,825,530 | 2,195,905 |
| Marine expenses | 293,669 | - | - | 293,669 | 198,929 |
| Travel | 41,674 | 84,191 | - | 125,865 | 204,264 |
| Occupancy | 81,596 | 4,750 | 528 | 86,874 | 49,444 |
| Equipment | 13,443 | 13,019 | - | 26,462 | 27,462 |
| Office supplies | 2,561 | 4,641 | 800 | 8,002 | 38,529 |
| Postage and shipping | 28,161 | 593 | - | 28,754 | 27,285 |
| Insurance | 38,492 | 8,708 | - | 47,200 | 31,936 |
| Repairs and maintenance | 12,377 | - | - | 12,377 | 14,522 |
| Other expenses | 52,452 | 107,511 | - | 159,963 | 116,149 |
| Depreciation | 1,008,965 | 56,053 | 56,053 | 1,121,071 | 1,026,224 |
| **Total expenses for statement of activities** | **$ 3,915,209** | **$ 1,131,628** | **$ 106,487** | **$ 5,153,324** | **$ 4,995,870** |

*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, 2025
(With comparative totals for the year ended December 31, 2024)

| | December 31, 2025 | December 31, 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Change in net assets | $ (3,348,658) | $ 1,037,122 |
| Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities: | | |
| Depreciation | 1,121,071 | 1,026,224 |
| Changes in assets and liabilities: | | |
| Interest receivable | (71,580) | 333,333 |
| Insurance proceeds receivable | - | 73,151 |
| Accounts payable and accrued expenses | (84,101) | (70,296) |
| Total adjustments | 965,390 | 1,362,412 |
| **Net cash (used for)/provided by operating activities** | **(2,383,268)** | **2,399,534** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of certificate deposit | (6,000,000) | - |
| Purchase of property and equipment | (360,345) | (308,465) |
| Disposal of property and equipment | - | 39,388 |
| **Net cash used for investing activities** | **(6,360,345)** | **(269,077)** |
| **Net (decrease)/increase in cash and cash equivalents** | **(8,743,613)** | **2,130,457** |
| **CASH AND CASH EQUIVALENTS, *beginning of year*** | 10,798,505 | 8,668,048 |
| **CASH AND CASH EQUIVALENTS, *end of year*** | **$ 2,054,892** | **$ 10,798,505** |

**SUPPLEMENTAL CASH FLOW INFORMATION**

Interest or taxes were paid.

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

## 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.

**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.

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. There were no outstanding pledges receivable as of December 31, 2025 and 2024.

*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. Investments*

Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are recognized in the statement of activities.

*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, 2024, from which the summarized information was derived.

**Note 2 - Summary of Significant Accounting Policies – Continued**

*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, 2022 and later are subject to examination by applicable taxing authorities.

**Note 3 - Investments and Fair Value Measurements**

Accounting standards have established a fair value hierarchy that gives the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.

**Note 3 - Investments and Fair Value Measurements - Continued**

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The following summarizes the composition of investments:.

| | December 31, 2025 | | |
|---|---|---|---|
| | Total | Level 1 | Level 2 |
| Fixed income - Certificates of deposit | $ 6,000,000 | $ - | $ 6,000,000 |
| Total | $ 6,000,000 | $ - | $ 6,000,000 |

Level 2 securities are valued using observable market inputs for securities that are similar to those owned. Those methods produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

**Note 4 - Property, Plant & Equipment**

Property, plant & equipment consist of:

| | December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Equipment | $ 5,549,647 | $ 5,189,302 |
| Vehicles | 53,009 | 53,009 |
| | 5,602,656 | 5,242,311 |
| Less: accumulated depreciation | (3,312,452) | (2,191,381) |
| Total property, plant & equipment, net | $ 2,290,204 | $ 3,050,930 |

### Note 5 - Net Assets with Donor Restrictions

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

| | December 31, 2025 | | | |
|---|---|---|---|---|
| | Balance 1/1/25 | Contributions | Released from Restrictions | Balance 12/31/25 |
| Program restrictions: | | | | |
| Dominica *WAVE* Program | $ 40,822 | $ - | $ (40,822) | $ - |
| Total | $ 40,822 | $ - | $ (40,822) | $ - |

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

### Note 6 - 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 | $ 2,054,892 |
| Investments | 6,000,000 |
| Interest receivable | 71,580 |
| Total financial assets | 8,126,472 |
| Less amounts not available for general expenditures: | |
| Donor restricted contributions-purpose | - |
| Financial assets available within one year to meet cash needs for general expenditures | $ 8,126,472 |

As part of its liquidity management, the Organization maintains cash on hand to be readily available for general expenditures, liabilities and other obligations. The Organization operates within a board-approved budget and relies on contributions to fund its operations and program activities.

**Note 7 - Subsequent Events**

Subsequent events have been evaluated through May 29, 2026 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.