



THE OCEAN FOUNDATION

TELL US WHAT YOU
WANT TO DO FOR
THE OCEAN

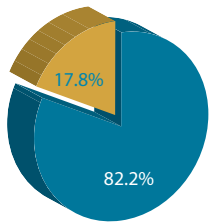
We will take care of the rest

FY 2008 Annual Report

THE OCEAN FOUNDATION is the only international community foundation dedicated to the oceans. Its niche is providing high-end philanthropic advice for the community of donors who care about coasts and the ocean. Our mission is to support, strengthen, and promote those organizations dedicated to reversing the trend of destruction of ocean environments around the world. Our community includes the donors and grant recipients who are engaged in ocean conservation anywhere in the world.

In the 2007-2008 fiscal year which ended June 30th, The Ocean Foundation raised \$4.5 million from a variety of foundation, corporate, individual and government donors. During this same time period, we spent \$2.6 million on program services, fiscal sponsorships, and grants to marine conservation organizations worldwide. As our funds portfolio grows, so do our administrative and financial responsibilities. However, we are proud to note that for

Program Expenditures



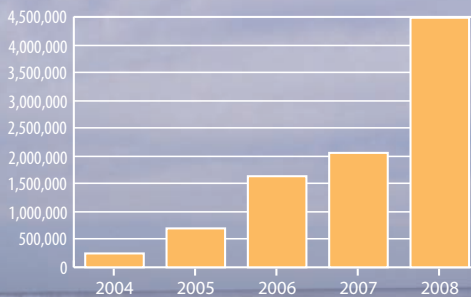
- Administration and Infrastructure
- Program and Grantmaking

all the resources we have raised and projects we have funded, we have managed to keep our Program Management & General cost to 10.95% and Fundraising to 6.81% of our total budget for the year.

At TOF, we have been making great strides in matching marine conservation challenges

with innovative solutions designed to maximize donor contributions across a diverse portfolio of grant projects. We continue to provide consulting services to the nonprofit sector which we have now described on our updated website. Over the last 4 years, our annual budget has

Total Revenue per Year (fiscal year end June 30th, 2008)



increased significantly, almost doubling in just the last year alone. Please see the revenue table. Among some of the most notable successes and accomplishments this year are the following:

COASTAL CONSERVATION & SUSTAINABLE DEVELOPMENT

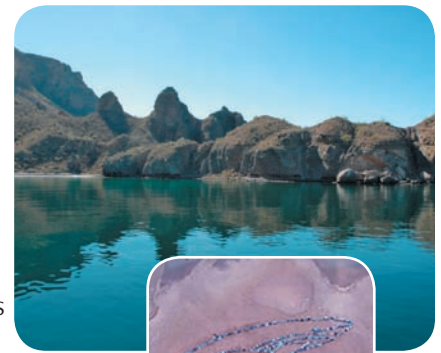
Program grants and expenses: \$804,800

This category of TOF's portfolio was created to address the growth of coastal development projects in such a way that environmental, economic and socio-cultural sustainability needs are considered.



The Loreto Bay Foundation (www.loretobayfoundation.org), raised \$264,786 in proceeds and gave away more than \$203,805 to projects benefitting the Loreto Bay National Marine Park and the

municipalidad of Loreto. Congratulations for meeting its \$1M mark this year! Loreto Bay Foundation also enjoyed the honor of winning a Coastal Living Award in the area of "Sea and Shore Preservation." This award was made



in celebration of the creativity applied in working with local children and the community to help communicate the plight of whales.



On March 31, 2008, we completed our 18-month Phase One contract to design, create, and prepare the St. Kitts Foundation (<http://www.stkittsfdn.org>) for full operations. This included the finalization of the formation of our St. Kitts Foundation as a charitable foundation under the



law of the Federation. While development of the St. Kitts Foundation has experienced its share of challenges this year, we are proud to have had the opportunity to get to know community leaders and the others who care about the island's future. In July 08 we co-hosted a Heritage Conservation Symposium, which focused on the nation's interest in becoming a leading heritage tourism destination. We also successfully oversaw the development of a feral grazing animals relocation plan to humanely address the over-population of cows and goats on the Southeast Peninsula.



In May 2008, TOF Senior Fellow and Director of Economic Research for the **Coastal Ocean Values Center**, Dr. Linwood Pendleton published a report using new economic indicators of ecosystem health to quantify the importance of our coastal and estuarine resources to the U.S. economy. For a copy of the report, please see: www.coastalvalues.org



Through an innovative partnership called **Coastal CODE** (<http://www.coastalcode.org>), the Alaskan Brewing

Company continues to donate 1% of all proceeds from sales of its Alaskan IPA to promote the health of the Pacific Ocean and its coastlines. Nearly \$50,000 has been raised this year for west coast conservation, thus helping the ocean one beer at a time.

NEAR SHORE ECOSYSTEM PROTECTION

Program grants and expenses: \$198,701

As part of our effort to protect near shore coastal areas and areas subject to high impacts from tourism and resource extraction, we have a suite of projects centered just offshore. They include:

Our **Coral Reef Fund** is among the largest of our Field of Interest Funds. Over the last year, thanks to the generous contributions of our donors, we have been able to support numerous important initiatives with grants. Grants were awarded in support of scientific and economic research, site-specific conservation, and communications and outreach activities. One of these grants included \$25,000 to support a World Resources Institute project on "Economic Valuation of Coral Reef Goods and Services in



the Caribbean." Another grant supported the Coral Reef Targeted Research Program, Future Leaders Forum held at The University of Queensland, Australia. In addition, to help celebrate the [International Year of the Reef](#) and to support reauthorization of the Coral Reef Conservation Act, TOF hired Steven Lutz to organize a coalition of 56 leading scientists, conservationists and coral advocates across the U.S. to appeal to Congress to support renewed corals legislation and protection measures. (To read the letter, go to <http://www.oceanfdn.org/index.php?tg=articles&topics=99>.)

The [Lateral Line Fund](#) is a donor advised fund that was established by Lateral Line, Inc., to donate a portion (2%) of the company's proceeds in the name of marine conservation. This fund supports projects related to derelict fishing gear removal in oceans, bays and tributaries, as well as fisheries research and related conservation projects. One of its recent project proposals includes an effort to

PELAGIC ECOSYSTEM PROTECTION

Program grants and expenses: \$713,159

This category includes projects that address conservation of highly migratory species that live in the open ocean and high seas.



Raising \$837,820 last year, our [Tag-A-Giant Fiscal Sponsorship Fund](#) supports the important work of scientists from six universities who are using electronic tagging technology

to understand the status of commercially harvested bluefin tuna populations. In the fall of 2007, scientists tagged nineteen bluefin tuna weighing up to 1,000 pounds in the Gulf of St. Lawrence. The tags provide data on timing and route of spawning migrations, as well as breeding behavior and habitat requirements – knowledge that is critical to developing effective management strategies to protect spawning bluefin tuna.



Following a workshop in Malaysia in July 07, The Ocean Foundation was awarded a \$75,000 contract to complete a business plan for the conservation of the **Pacific Leatherback Sea Turtle**, one of the ocean's most magnificent, and most threatened, creatures. In the fall of 2007, The Ocean Foundation and our sub-contractor, the Conservation and Community Investment Forum, worked diligently to craft a comprehensive business plan for the management of a Pacific Leatherback Turtle Conservation Fund. This process involved a network of individuals and teams from around the world that simultaneously (a) reviewed available scientific literature, (b) interviewed key stakeholders in the field, and (c) assessed the current

raise awareness about the importance of menhaden as prey for other species such as striped bass and about the destruction caused by the commercial menhaden fleet to fisheries in the Chesapeake and all along the east coast of the U.S. A second project will help remove derelict crab traps that float around the periphery of the Chesapeake Bay. Lateral Line Inc. is a company that makes fly fishing clothing. To check out their products and donate to fish conservation, see: <http://www.laterallineco.com/>



One of the newest funds in our portfolio this year is the Seagrass Field of Interest Fund. Thanks to a unique partnership with Absolut Spirits Company, we have already received \$50,000 in funding to support seagrass restoration efforts as part of its Absolut Global Cooling Campaign [www.absolut.com/GlobalCooling]. To facilitate this program, we've also teamed up with [Seagrass Recovery, Inc.](#) and created the [Restore-A-Scar campaign](#) which will help restore damaged seagrass meadows in five major cities across the U.S. To find out how you can participate, please visit www.restoreascar.org.



OCEAN LITERACY

levels of funding available for Pacific leatherback turtle conservation. The resulting comprehensive plan provides a detailed list of funding priorities for a 10-year timeline to reverse the Pacific leatherback trajectory toward extinction, with special attention to the protection of the nesting beaches on which they depend. For a copy of the Executive Summary of this plan, please see our Sea Turtle FIF web page.

The **Marine Mammals Field of Interest Fund** focuses on the most important and immediate threats to marine mammals. It has recently supported work to protect the endangered Vaquita porpoise as a follow on to Mark J. Spalding's October 2007 facilitation of a tri-national meeting at which participants wrote an emergency recovery plan for the Vaquita (a North American Conservation Action Plan). We also helped with meeting preparation for the 2008 International Whaling Commission in Chile and supported local NGOs in the successful effort to have the President of Chile declare a sanctuary for blue whales at Corcovado, Chile.

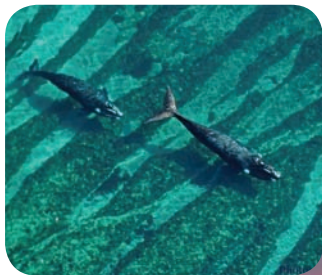


Photo: Luciana Pozzi



Program grants and expenses: \$629,427

The Ocean Foundation manages several fiscal sponsorship projects that help to address the gap in ocean literacy. A few of them include:

This year, [The Ocean Project](#) launched an exciting three-year national research project, underwritten by an ocean literacy program grant from NOAA, to find out how the ocean community can connect more effectively with the American public in order to build environmental literacy.



[Ocean Revolution](#) continues its mission of engaging and training new young leaders from communities that



are dependent on the oceans. They created a program called Native Oceans, which was represented at the 2008 International Sea Turtle Society meeting in Loreto, Mexico in January.



To help address the dramatic rise in human-

generated ocean noise pollution, our [Ocean](#)

[Conservation Research](#) project is creating a noise exposure metric to help quantify and express the impacts of human generated noise on marine animals.



In addition, TOF accepted the opportunity to sponsor the work of award-winning author **Josh Horowitz** who is researching and writing a new book to be titled *Acoustic Storm* that will document the impacts of military sonar on marine mammals through a real-time, ongoing, high profile legal case.



TOF sponsors **Alaska Conservation Solutions (ACS)**, a project aimed at educating the public in the lower 48 states about the extensive consequences of global warming, as is being experienced already by human communities in Alaska. This year ACS added a two-state tour to the critical states of West Virginia and New Hampshire to present the perils of climate change to over 30 diverse audiences. Deborah Williams, project director, testified before members of the House Select Committee on Energy Independence and Global Warming regarding the the U.S. Energy Bill.

The TOF **Alaska Oceans Field of Interest Fund** has supported the important efforts of researcher Stacey Marz who is writing a white paper on the state of regional ocean governance initiatives that may be relevant to future planning efforts for Alaska's ocean and coastal waters and the species that live within them. With TOF support, Ms. Marz also wrote [On Thin Ice: The Precarious State of Arctic Marine Mammals in the United States Due to Global Warming](#), released nationally by IFAW in January 2008.

TOF also hosts a **Communication and Public Education** Field of Interest Fund that supports projects promoting ocean literacy around the world. For example, TOF provided training and support to Earth Echo International, a young 501(c)(3) that uses media and real time experience to empower people to help restore and protect the Earth's ocean and freshwater systems. TOF also supported both the 2007 and 2008 Capitol Hill Oceans Week, an annual conference aimed at communicating critical ocean issues to members of Congress, congressional staff, government officials, and other interested parties, hosted by the National Marine Sanctuary Foundation. This year, TOF



President, Mark Spalding was invited to give a presentation on options for ocean renewable energy alternatives.

Another new education fiscal sponsorship project at The Ocean Foundation is [Blue Legacy](#), a new project designed by Alexandra Cousteau to help tell the story of our water planet to the world. Its mission is to inspire people to take action on critical water issues in meaningful ways and to help shape society's dialogue to include water as one of the defining issues of our century and the primary vehicle through which climate change will be felt.

In addition to supporting workshops and conferences, TOF also provides scholarships to assist students in the pursuit of academic interests related to the ocean.

The **Surfrider Foundation Scholarship** program is managed by The Ocean Foundation and was created to help students (undergraduate, masters and Ph.D levels) pursue their dreams of studying ocean conservation related fields aligned with Surfrider's mission. This year's recipients were: Kristen M. Schmidt, from Michigan State University who is studying the changing patterns of marine resource use in coastal Nicaragua; Lauren E. Garske, from Santa Cruz, CA; who is researching the impacts of the pathogen *Toxoplasma gondii* on sea otter populations in Monterey Bay, CA and Paula Pijoan Velasco from the Universidad Autonoma de Baja California, Mexico who is researching the socio-economic and environmental value of surfing breaks to the city of Ensenada, Baja, California.

In May 2008, The Ocean Foundation and our [Boyd Lyon Sea Turtle Fund](#) proudly announced the first annual recipient of the Boyd Lyon Sea Turtle Fund Scholarship. The \$2,500 merit based award went to Gail Schofield, Ph.D candidate at Swansea University in Wales for her research on male loggerhead sea turtles in Zakynthos National Marine Park in Greece.



PROMOTING OCEAN RESILIENCE

Program grants and expenses: \$274,036

A significant piece of this year's growth was the creation of a new Donor Advised Fund, which was started with a \$1 million stock contribution.

PUBLICATIONS

- Completed joint report with ELI "Gold Standard for Sustainable Aquaculture Ecolabel Design" (May 08) Establishes a definitive standard for the institutional design of sustainable aquaculture ecolabels.
- President, Mark J. Spalding and TOF board advisor, Charlotte De Fontaubert authored an article entitled "Conflict Resolution for Addressing Climate Change With Ocean-Altering Projects", which was published in *Environmental Law Review* in October, 2007.
- Alaska Conservation Solutions *Feeling the Heat* project focused on global warming education, information dissemination, constituent building and action.
- Completion of a new collaborative report written with IFAW titled, "On Thin Ice: The Precarious State of the Arctic Marine Mammals in the U.S. Due to Global Warming." The report synthesizes effects already being observed and recommends possible solutions to addressing those threats.
- In October, 2007, Mark Spalding made an address to the National Academy of Sciences' Ocean Studies Board on: "Building Capacity for Marine Conservation: An International Public Foundation's Perspective."
- TOF prepared a non-partisan white paper "A Blueprint for Coastal and Ocean Policy for the New Administration."

TRAVEL RELATED

In addition to managing our various fiscal sponsorships and field of interest funds, TOF staff have participated in professional conferences and meetings, met with potential grantees, courted prospective donors, visited existing projects and expanded our marine conservation network worldwide. Among some of the notable staff travels are: **Come Back Leatherback** workshop in Malaysia (July 07), **International Fisheries Forum 4** in Costa Rica

(Nov 07), **site visit** to the Dominican Republic with Counterpart International (Nov 07), **Future Leaders Forum** in Queensland, Australia (Dec 07), **International Coral Reef Institute Meeting** in Washington, DC (Jan 08), **International Sea Turtle Society** meeting in Loreto, Mexico (Jan 08), and the **Marine Funders Working Group Meeting** in Baltimore, MD (Mar 08), among others. We continue to make every effort to ensure that travel is kept to a minimum, and to purchase offsetting carbon credits for both travel and our office operations.

STAFF & BOARD UPDATES

We welcomed **Amy Salzman** to the TOF Board of Directors. **Jeremy Linneman** is now working for The Ocean Foundation full-time as Special Projects Director. We also hired **Jackie Morgan** as our Foundation Operations Manager, added **Andrea DeGirolamo** as our new bookkeeper, contracted with **Terry Miller** from Leventhal Kline Management to manage our financial services, and hired **Monika Thiele** as our new Program Officer. We have also recruited **Kevin Ranker** as our Program Officer, Pacific Region and **Diane Davidson** as senior legal and project consultant for TOF. TOF enjoyed help this summer from two interns, **Alex Kats-Rubin** (Austin, TX) and University of Wisconsin student **Campbell Howe**. On top of staff changes:

- We have also just completed a brand new office suite renovation making our TOF offices greener and more energy efficient
- TOF President, Mark J. Spalding was honored to be one of Washingtonian Magazine's 2008 Eco-Heroes.
- We did the official launch of the Absolut Global Cooling partnership with Absolut Vodka at Sundance film festival (Jan 08)

ABSOLUT
GLOBAL COOLING



THE OCEAN FOUNDATION

STATEMENT OF FINANCIAL POSITION JUNE 30, 2008

	Unrestricted	Temporarily Restricted	Total
REVENUE & SUPPORT			
Grants & contributions	\$ 248,232	\$ 4,187,616	\$ 4,435,848
Program service revenue	15,584	—	\$ 15,584
Interest income	26,329	—	26,329
Net realized gain/(loss) on donated stock	(2,213)	—	(2,213)
	<u>287,932</u>	<u>4,187,616</u>	<u>4,475,548</u>
Net assets released from:			
Satisfaction of program restrictions	2,620,123	(2,620,123)	—
Total revenue & support	<u>2,908,055</u>	<u>1,567,493</u>	<u>4,475,548</u>
EXPENSES			
Program Services			
Coastal Conservation and Sus. Dev.	715,405	—	715,405
Near Shore Ecosystem Protection	192,764	—	192,764
Pelagic (offshore) Ecosystem Protection	675,891	—	675,891
Ocean Literacy	573,120	—	573,120
Promoting Ocean Resilience	242,454	—	242,454
Total program expenses	<u>2,399,634</u>	<u>—</u>	<u>2,399,634</u>
Support Services			
Management & General	306,012	—	306,012
Fundraising	166,410	—	166,410
Total expenses	<u>2,872,056</u>	<u>—</u>	<u>2,872,056</u>
CHANGE IN NET ASSETS (DEFICIT)	35,999	1,567,493	1,603,492
Beginning net assets	113,453	792,550	906,003
Ending net assets	<u>\$149,452</u>	<u>\$2,360,043</u>	<u>\$2,509,495</u>

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,865,863
Receivables	775,904
Prepaid expenses	11,552
	<u>2,653,319</u>
PROPERTY AND EQUIPMENT	
Equipment and software	30,547
Less: accumulated depreciation	16,499
	<u>14,048</u>
TOTAL ASSETS	<u>\$ 2,667,367</u>

LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable & accrued expenses	\$ 157,872
TOTAL LIABILITIES	<u>157,872</u>
NET ASSETS	
Unrestricted	149,452
Temporarily restricted	2,360,043
TOTAL NET ASSETS	<u>2,509,495</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,667,367</u>

(The Ocean Foundation's complete audited financial statements may be obtained by writing to info@oceanfdn.org)

Donor-Advised Funds are set up by a donor to be spent in support of marine conservation with a special emphasis on those areas perceived as greatest need with the advice of the donor.

Field of Interest Funds leverage the contributions of multiple donors in support of conservation efforts in specific geographic or issue areas of concern, such as Alaska oceans, coral reefs or marine mammals.

Fiscal Sponsorship Funds are semi-independent projects housed at The Ocean Foundation, for which we provide financial and other services as needed.

Committee-Advised and Resort Partnership Funds are generally geographically or topically specific and each has a Board of Advisors that provides special input into how funds are spent.

Greater detail about all of our funds can be found on The Ocean Foundation website, www.oceanfdn.org.

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