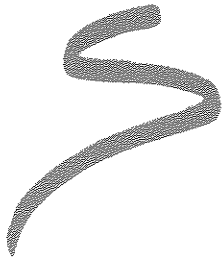


The Seasteading Institute

Financial Statements

For The Year Ended

December 31, 2008



*Snow, Bittleston
& Company*

Certified Public Accountants, LLP

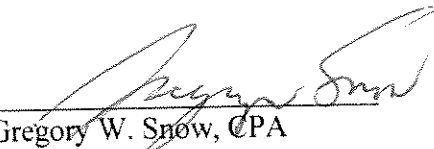
250 North Santa Cruz Avenue, Los Gatos, CA 95030-7228
408.354.8500 [Fax 408.354.3081]

Board of Directors
The Seasteading Institute
Mountain View, California 94040

We have compiled the accompanying statement of financial position of The Seasteading Institute (a nonprofit organization) as of December 31, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

SNOW, BITTLESTON & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS, LLP.

By: 
Gregory W. Snow, CPA

April 2, 2009

THE SEASTEADING INSTITUTE
(A NONPROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008

ASSETS

	<u>2008</u>
Current Assets	
Cash and Cash Equivalents	\$ 436,160
Total Current Assets	<u>436,160</u>
Property, Plant and Equipment	
Furniture and Equipment - Office	247
Website Design	5,087
Patent - Development in Progress	<u>47,710</u>
	53,044
Less: Accumulated Depreciation	<u>(684)</u>
Total Property, Plant and Equipment	52,360
 TOTAL ASSETS	 <u>\$ 488,520</u>

LIABILITIES AND NET ASSETS

Net Assets	
Unrestricted	<u>488,520</u>
Total Net Assets	488,520
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 488,520</u>

See accountant's report and notes to financial statement

THE SEASTEADING INSTITUTE
(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT			
Contributions	\$ 502,194	\$ 0	\$ 502,194
Program Services	7,347	0	7,347
Other Income	91	0	91
Investment Income	9,165	0	9,165
Total Revenue and Other Support	518,797	0	518,797
 EXPENSES			
Program Services	18,058	0	18,058
Management and General	9,640	0	9,640
Fund Raisng	2,579	0	2,579
Total Expenses	30,277	0	30,277
 CHANGE IN NET ASSETS	488,520	0	488,520
 NET ASSETS AT BEGINNING OF YEAR	0	0	0
NET ASSETS AT END OF YEAR	\$ 488,520	\$ 0	\$ 488,520

See accountant's report and notes to financial statement

THE SEASTEADING INSTITUTE
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Program Services</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>Total</u>
Program Expenses	\$ 14,618	\$ 0	\$ 2,579	\$ 17,197
Legal Expenses	0	9,315	0	9,315
Conferences & Meetings	1,453	0	0	1,453
Depreciation	684	0	0	684
Office Expense	612	68	0	680
Consultants	500	0	0	500
Dues and subscriptions	0	160	0	160
Bank Service charges	62	66	0	128
Telephone & Internet	107	12	0	119
Postage	22	19	0	41
	<u>\$ 18,058</u>	<u>\$ 9,640</u>	<u>\$ 2,579</u>	<u>\$ 30,277</u>

See accountant's report and notes to financial statement

THE SEASTEADING INSTITUTE
(A NONPROFIT ORGANIZATION)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income (Loss)	\$ 488,520
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and Amortization	684
Net Cash Provided by (Used In) Operating Activities	489,204
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property, Plant and Equipment	(53,044)
Net Cash Provided By (Used In) Investing Activities	(53,044)
NET INCREASE (DECREASE) IN CASH	436,160
CASH AT BEGINNING OF YEAR	0
CASH AT END OF YEAR	\$ 436,160

See Accountants' Compilation Report

THE SEASTEADING INSTITUTE
(A NONPROFIT ORGANIZATION)
DECEMBER 31, 2008
(Compiled)

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Institute is a California non-profit organization in business since April 9, 2008. The primary activity of the Institute is to foster scientific research and education around seasteading.

The Organization has three main focus areas:

Engineering: Demonstrate that seasteading is viable by building a safe, cost effective, environmentally friendly, aesthetically pleasing seastead, based in the San Francisco Bay and able to travel along the coast. Use it as a platform for scientific research and public education

Research: Explore the core seasteading requirements: Structure (not sinking), Autonomy (self-sustenance and independence), and Infrastructure (having light, heat, food etc.) When current solutions meet needs, the Institute will learn and use them. When they aren't, the Institute will invent new ones. Secondly, advance seasteading technologies through grant-funded research and partnerships.

Community: Inspire a social movement around the Institute's mission. Build a membership of people who are committed to and passionate about seasteading, and see it as one answer to the world's pressing problems. Create a network of potential residents who have the skills and resources needed to make a vibrant new community.

Basis of Accounting

The accounts of the Institute are maintained, and the financial statements are prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Institute considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Donor-Restricted Contributions

Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Use of Estimates

Management uses estimates and assumptions, such as depreciation, in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results may differ from those estimates.

Basis of Presentation

The Institute's financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets,

Unrestricted net assets represent unrestricted resources available to support the Institute's operations and temporarily restricted resources that become available for use by the Institute in accordance with the intentions of donors.

Temporarily restricted net assets represent contributions that are limited in use by the Institute in accordance with temporary donor imposed stipulations. These stipulations may expire with time or may be satisfied and removed by the actions of the Institute according to the terms of the contribution. Upon satisfaction of such stipulations, the associated net assets are released from temporarily restricted net assets and recognized as unrestricted net assets. If a restriction is fulfilled in the same fiscal year in which the contribution is received, the Institute classifies the support as unrestricted.

Permanently restricted net assets represent contributions to be held as investments in perpetuity as directed by the original donor.

Income Taxes

The Institute is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Service. The organization's application for exemption status is currently pending approval by the Internal Revenue Service.

Concentration of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Company places its cash and temporary cash investments with high credit quality institutions. At times such investments may be in excess of the FDIC insurance limit.

Property, Plant and Equipment and Depreciation

Property, plant and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are recorded as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Institute reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Institute reclassifies temporarily restricted net assets to unrestricted net assets at that time. Purchases in excess of \$200 are capitalized. Property and equipment are depreciated using the straight-line and double declining balance methods using useful lives ranging from three years to 40 years.

Property and equipment consists of the following:

	<u>2008</u>
Furniture and Equipment	\$ 247
Website Design	5,087
Patent – Development in Progress	47,710
Less accumulated depreciation	<u>(684)</u>
Net Cost	<u>\$ 52,360</u>

Depreciation expense for the year ended December 31, 2008 amounted to \$684.

The Institute filed an application with the Commissioner of Patents on January 12, 2009 for a multi-spar marine platform for residential and commercial use.

Contributed Services

Numerous volunteers have donated significant amounts of time to the Institute's start-up, program services and fund-raising campaign. Although no amounts have been reflected in the financial statements, management estimates the fair value of those services to be approximately \$53,154 for the year ended December 31, 2008.

Functional Allocation of Expenses

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services, management and fund-raising based on management's judgment.