



San Diego Coastkeeper

San Diego, California

Financial Statements and Independent Auditor's Report

December 31, 2022

San Diego Coastkeeper
December 31, 2022

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Independent Auditor's Report

To the Board of Directors
of San Diego Coastkeeper
San Diego, California

Opinion

We have audited the accompanying financial statements of San Diego Coastkeeper (Organization), which comprise the statement of financial position as of December 31, 2022, and the related statement of activities, functional expenses and cash flow for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Diego Coastkeeper as of December 31, 2022 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 audits in accordance with auditing standards generally accepted in the United States of America. 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 San Diego Coastkeeper and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 San Diego Coastkeeper's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 generally accepted auditing standards 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 generally accepted auditing standards 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 San Diego Coastkeeper'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 San Diego Coastkeeper'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 San Diego Coastkeeper's December 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 10, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Ariel Kagan

Kagan and Associates, CPAs
Santee, California

February 2, 2024

San Diego Coastkeeper
Statements of Financial Position
December 31, 2022 and 2021

Assets

	2022	2021
Current assets		
Cash and cash equivalents	\$ 1,680,951	\$ 1,352,540
Certificates of deposit (CD)	254,647	254,647
Grants and contracts receivable	26,788	13,715
Prepaid expenses and deposits	10,845	12,120
Total operating assets	<u>1,973,231</u>	<u>1,633,022</u>

Fixed assets

Property & equipment	130,626	130,626
Less: accumulated depreciation	<u>(130,626)</u>	<u>(130,626)</u>
Net fixed assets	<u>-</u>	<u>-</u>

Long term assets

Deposits	3,500	-
Total long term assets	<u>3,500</u>	<u>-</u>

Total assets	\$ <u>1,976,731</u>	\$ <u>1,633,022</u>
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Liabilities and net assets

Current liabilities

Accounts payable	\$ 5,750	\$ 1,100
Deferred revenue	142,000	-
Accrued vacation payable	21,834	22,818
Total current liabilities	<u>169,584</u>	<u>23,918</u>

Total liabilities	<u>169,584</u>	<u>23,918</u>
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Net assets

Without donor restrictions	1,730,670	1,517,898
With donor restrictions	<u>76,477</u>	<u>91,206</u>

Total net assets	<u>1,807,147</u>	<u>1,609,104</u>
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Total liabilities and net assets	\$ <u>1,976,731</u>	\$ <u>1,633,022</u>
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The accompanying notes are an integral part of these financial statements

San Diego Coastkeeper
 Statements of Activities
 December 31, 2022 and 2021

	2022			2021		
	<u>Without donor Restrictions</u>	<u>With donor Restrictions</u>	<u>Total support and other revenue</u>	<u>Without donor Restrictions</u>	<u>With donor Restrictions</u>	<u>Total support and other revenue</u>
Revenue and support						
Direct public support	\$ 1,008,292	196,130	\$ 1,204,422	\$ 687,044	165,848	\$ 852,892
Government grants	161,181	-	161,181	276,036	-	276,036
Fundraising events, net	(7,378)	-	(7,378)	(4,398)	-	(4,398)
Investment earnings	2,411	-	2,411	4,302	-	4,302
Net assets released from restriction	210,859	(210,859)	-	108,725	(108,725)	-
Total revenue and support	<u>1,375,365</u>	<u>(14,729)</u>	<u>1,360,636</u>	<u>1,071,709</u>	<u>57,123</u>	<u>1,128,832</u>
Expenses						
Program services						
Monitoring	168,951	-	168,951	115,347	-	115,347
Education	187,581	-	187,581	203,239	-	203,239
Advocacy	630,096	-	630,096	370,789	-	370,789
Total program services	<u>986,628</u>	<u>-</u>	<u>986,628</u>	<u>689,375</u>	<u>-</u>	<u>689,375</u>
Supporting services						
Management & General	50,651	-	50,651	37,265	-	37,265
Resource development	125,314	-	125,314	115,296	-	115,296
Total supporting services	<u>175,965</u>	<u>-</u>	<u>175,965</u>	<u>152,561</u>	<u>-</u>	<u>152,561</u>
Total expenses	<u>1,162,593</u>	<u>-</u>	<u>1,162,593</u>	<u>841,936</u>	<u>-</u>	<u>841,936</u>
Change in net assets	212,772	(14,729)	198,043	229,773	57,123	286,896
Beginning net assets	<u>1,517,898</u>	<u>91,206</u>	<u>1,609,104</u>	<u>1,288,125</u>	<u>34,083</u>	<u>1,322,208</u>
Ending net assets	<u>\$ 1,730,670</u>	<u>76,477</u>	<u>\$ 1,807,147</u>	<u>\$ 1,517,898</u>	<u>91,206</u>	<u>\$ 1,609,104</u>

The accompanying notes are an integral part of these financial statements

San Diego Coastkeeper
 Statements of Cash Flows
 December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 198,043	\$ 286,896
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in assets:		
Grants & contracts receivable	(13,073)	35,001
Deposits	(3,500)	-
Prepaid expenses and deposits	1,275	2,016
Increase (decrease) in liabilities:		
Accounts payable	4,650	1,100
Accrued vacation	(984)	5,306
Deferred revenue	142,000	-
Accrued workers compensation	-	(5,651)
Net cash provided (used) by operating activities	328,411	324,668
Cash flows from investing activities:		
Net cash provided (used) by investing activities	-	-
Cash flows from financing activities:		
PPP forgiven grant	-	(79,397)
Net cash provided (used) by financing activities	-	(79,397)
Net increase (decrease) in cash and cash equivalents	328,411	245,271
Beginning cash and cash equivalents (including CD's)	1,607,187	1,361,916
Ending cash and cash equivalents (including CD's)	\$ 1,935,598	\$ 1,607,187

The accompanying notes are an integral part of these financial statements

San Diego Coastkeeper
Schedules of Functional Expenses
December 31, 2022 and 2021

	2022						2021	
	Program Services			Total Program Services	Management and General	Resource Development	Total Expenses	Total Expenses
	Monitoring	Education	Advocacy					
Salaries	\$ 118,215	134,039	431,989	684,243	(529)	85,252	\$ 768,966	602,048
Payroll taxes	9,585	10,787	30,059	50,431	91	6,776	57,298	48,884
Employee benefits	8,855	10,229	15,350	34,434	3,051	6,083	43,568	45,131
Workers Compensation	597	671	1,172	2,440	105	1,204	3,749	(696)
Total personnel costs	<u>137,252</u>	<u>155,726</u>	<u>478,570</u>	<u>771,548</u>	<u>2,718</u>	<u>99,315</u>	<u>873,581</u>	<u>695,367</u>
Accounting	-	-	141	141	23,172	-	23,313	20,801
Boat maintenance	621	-	6,679	7,300	-	-	7,300	-
Communications	220	242	169	631	40	144	815	1,728
Computer services	819	927	1,217	2,963	188	2,152	5,303	18,891
Consultants	12,606	12,688	9,705	34,999	1,180	1,954	38,133	37,292
Continuing education	-	-	245	245	-	-	245	279
Outside services	-	-	110,900	110,900	-	-	110,900	-
Dues and subscriptions	940	1,830	10,555	13,325	1,119	4,857	19,301	14,638
Insurance	1,079	-	-	1,079	5,278	811	7,168	7,150
Rent	12,283	6,420	8,604	27,307	1,163	5,731	34,201	29,196
Social	218	-	-	218	1,813	852	2,883	-
Supplies & equipment	1,823	8,309	649	10,781	45	7,344	18,170	15,737
Travel	1,090	1,439	2,662	5,191	13,935	2,154	21,280	857
Total other expenses	<u>31,699</u>	<u>31,855</u>	<u>151,526</u>	<u>215,080</u>	<u>47,933</u>	<u>25,999</u>	<u>289,012</u>	<u>146,569</u>
Total expenses	<u>\$ 168,951</u>	<u>187,581</u>	<u>630,096</u>	<u>986,628</u>	<u>50,651</u>	<u>125,314</u>	<u>\$ 1,162,593</u>	<u>841,936</u>

The accompanying notes are an integral part of these financial statements

San Diego Coastkeeper
Notes to the Financial Statements
Years Ended December 31, 2022 and 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

San Diego Coastkeeper (Organization) is a California nonprofit public benefit organization dedicated to protecting and restoring fishable, swimmable and drinkable water in San Diego County. The Organization’s principal purposes are to conduct community outreach, education and advocacy programs. Affiliated with the California and the International Waterkeeper Alliances, consisting of over 300 organizations worldwide, the Organization maintains a full-time staff of skilled, dedicated professionals, including ecologists, marine biologists, educators, and attorneys who preside over the following programs:

Monitoring - The Organization monitors water quality throughout San Diego. This includes rivers and streams, as well as polluted runoff from construction sites, scrap yards, and any other industrial sites. When polluted discharges are out of compliance with state and federal water laws and regulations the Organization will seek to ensure legal compliance, which may include litigation.

Education - The Organization’s educational lessons are available for all educators (informal and formal) to help K-12 grade students in San Diego gain a better understanding of the local ecology and water issues. Students develop a sense of stewardship and knowledge of specific actions they can take to protect San Diego habitats and water. Additionally, Project SWELL classroom presentations, teacher training, and supplies are provided to all San Diego Unified elementary schools by request. The Organization reaches thousands of students and citizens at schools and public outreach events, and trains hundreds of teachers to help implement these environmental education lessons, each year.

Advocacy - Urging regulatory agencies and commissions as well as state, county, and local governments, the Organization advocates for stricter storm water and urban runoff regulations, compliance with the Clean Water Act and other environmental and land use laws, and enhanced coastal protection and restoration. The Organization also advocates for solutions to climate change, including drought and the drinking water supply for San Diego County. Advocacy includes policy development and promotion, as well as litigation.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recorded as the liability when incurred.

Basis of Presentation

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets With Donor Restrictions – These net assets are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources 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.

San Diego Coastkeeper
Notes to the Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in Organization net assets during the reporting period. Actual results could differ from those estimates.

Contributions

Contributions are recognized when the donor makes a promise to give the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Revenue Recognition

The Organization recognizes revenue as earned pursuant to Generally Accepted Accounting Principles (GAAP). Specifically, direct public support and funds received from advocacy are recognized when received unless there is a clear donor restriction.

Contributed In-Kind Goods and Services

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no material In-kind Contributions for the years ended December 31, 2022 and December 31, 2021.

Cash and Cash Equivalents

For the purpose of reporting cash flows, the Organization considers all highly liquid debt instruments, including money market funds, purchased with original maturities of three months or less to be cash equivalents. The carrying amount of cash and cash equivalents approximates fair value due to the short-term nature of these financial instruments.

Fair Value Measurements

The Organization measures fair value at the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Authoritative guidance establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values, requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets.
- Level 2: Unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Significant unobservable inputs for the asset or liability.

San Diego Coastkeeper
Notes to the Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Prepaid Expenses and Deposits

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid expenses or deposits.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair market value at date of donation. Depreciation is provided using the straight-line method of depreciation over the estimated useful lives of the assets, ranging from three to seven years. Property and equipment are capitalized if the cost or donated fair market value of an asset is greater than, or equal to \$5,000.

Long-Lived Assets

The Organization accounts for impairment and disposition of long-lived assets. Impairment losses are recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the assets' carrying amount. There was no impairment of the value of such assets for the years ended December 31, 2022 and 2021.

Rent Expense

For lease agreements that provide for escalating rent payments or free-rent occupancy periods, the Organization recognizes rent expense on a straight-line basis over the non-cancelable lease term and option renewal periods where failure to exercise such options would result in an economic penalty in such amount that renewal appears, at the inception of the lease, to be reasonably assured. The lease term commences on the date that the Organization takes possession of or controls the physical use of the property.

Grant and Contracts Receivable Recognition

Grants and contracts are paid on a reimbursement basis, up to the maximum amounts allowed under the terms of the grant or contract. Periodic audits may be performed by the grantors, and certain costs may be questioned as not being reimbursable expenditures under the terms of the contracts. Such audits could lead to reimbursement to the grantors. The Organization's management believes disallowances, if any, will be immaterial.

San Diego Coastkeeper
Notes to the Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Income Taxes

As a publicly supported not-for-profit organization, the Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and the corresponding provisions of Section 23701d of the California Revenue and Taxation Code. The Organization is not subject to income tax except for taxes on the receipt of income, if any, which is unrelated to the Organization's tax-exempt purpose. The Organization is not a private-foundation and qualifies for the charitable deduction under 170(b)(1)(A)(vi) of the Internal Revenue Code.

The Organization has applied the provisions of ASC Subtopic 740-10, *Income Taxes—Overall*, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on recognition, classification, interest, and penalties, disclosure, and transition. Management of the Organization believes that no such uncertain tax positions exist as of December 31, 2022 and 2021.

Functional Allocation of Expenses

The costs of providing the Organization's programs and other activities have been presented in the schedule of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The Organization uses proportional salary dollars to allocate indirect costs.

Adoption of New Accounting Pronouncement

The Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 *-Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 relates to the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

In February 2016, the FASB issued guidance on leases, which requires lessees to record the assets and liabilities arising from all leases in the statement of financial position. Under this new guidance, lessees will recognize a liability for lease payments and a right-of-use asset. When measuring assets and liabilities, a lessee should include amounts related to option terms, such as the option of extending or terminating the lease or purchasing the underlying asset, that are reasonably certain to be exercised. For leases with a term of 12 months or less, lessees are permitted to make an accounting policy election to not recognize lease assets and liabilities. For operating leases, a lessee will recognize a single lease cost on a straight-line basis and classify all cash payments within operating activities in the statement of cash flows. In May 2020, the FASB voted to defer the effective date of this new guidance by one year, to January 1, 2022, for private companies due to COVID-19. Early adoption is permitted. See note 13.

San Diego Coastkeeper
Notes to the Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's prior audited financial statements for the year ended December 31, 2021 from which the summarized information was derived. Some items may have been reclassified for purposes of overall comparability and consistency of presentation.

Note 2 – Grants and Contracts Receivable

Grants and contracts receivable at December 31, 2022 and 2021, were comprised of the following:

Description	2022	2021
City of San Diego	\$ 14,262	\$ 11,715
Private Party	<u>12,526</u>	<u>2,000</u>
Total	\$ <u>26,788</u>	\$ <u>13,715</u>

Note 3 – Property and Equipment

Property and equipment at December 31, 2022 and 2021, were comprised of the following:

	2022	2021
Depreciable assets:		
Leasehold improvements	\$ 81,460	\$ 81,460
Boat and boat lift	<u>49,166</u>	<u>49,166</u>
Total depreciable assets	130,626	130,626
Accumulated depreciation	<u>(130,626)</u>	<u>(130,626)</u>
Total property and equipment,	\$ <u>0</u>	\$ <u>0</u>

For the years ended December 31, 2022 and 2021, depreciation expense was \$0 and \$0, respectively.

Note 4 – Liquidity and Availability of Financial Assets

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

Financial assets at December 31, 2022:

Cash	\$1,680,951
Certificates of deposit	254,647
Accounts and contributions receivable	<u>26,788</u>
Total financial assets	1,962,386
Funds subject to donor-imposed restrictions	<u>(76,477)</u>
Financials assets available to meet general expenditures within one year	<u>\$1,885,909</u>

San Diego Coastkeeper
Notes to the Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

Note 5 – Notes Payable

No notes payable were outstanding as of December 31, 2022.

Note 6 – Commitment and Contingencies

Grants and Contracts

The Organization has grants and contracts with government agencies that may be subject to audit. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined. Management believes that any liability which may result from these audits would not be material.

Litigation

In the ordinary course of operations, the Organization is subject to claims and litigation from outside parties. After consultation with legal counsel, the Organization believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

Note 7 – Net Assets – With Donor Restrictions

At December 31, 2022 and 2021, donor restricted net assets consisted of the following:

	Balance				Balance
	January 1, 2022	Additions	Deletions		December 31, 2022
Education	\$ 51,206	\$ 96,130	\$ 70,859	\$	76,477
Advocacy	<u>40,000</u>	<u>100,000</u>	<u>140,000</u>		<u>0</u>
Total	\$ <u>91,206</u>	\$ <u>196,130</u>	\$ <u>210,859</u>	\$	<u>76,477</u>

	Balance				Balance
	January 1, 2021	Additions	Deletions		December 31, 2021
Education	\$ 13,250	\$ 85,848	\$ 47,892	\$	51,206
Advocacy	<u>20,833</u>	<u>80,000</u>	<u>60,833</u>		<u>40,000</u>
Total	\$ <u>34,083</u>	\$ <u>165,848</u>	\$ <u>108,725</u>	\$	<u>91,206</u>

For the year ended December 31, 2022 and December 31, 2021 \$196,130 and \$165,848 net assets were restricted by donor respectively. For the year ended December 31, 2022 and December 31, 2021 net assets were released from donor restrictions in the amount of \$210,859 and \$108,725 respectively by incurring expenditures satisfying the restricted purpose or from satisfying time restrictions.

Note 8 – Fundraising Events

The Organization normally holds an annual fundraising event to support the operations of the Organization.

San Diego Coastkeeper
Notes to the Financial Statements (Continued)
Years Ended December 31, 2022 and 2021

Note 9 – Operating Lease Agreement

The Organization leased its administrative offices in San Diego, California, under an operating lease. In October 2020 the Organization initiated a lease with University Christian Church (UCC). The monthly charges for utilities, property tax and other common area services are included in the monthly lease payment. The term began January 2021 on a month-to-month basis with no predetermined termination period. The lease expense were \$2,000 per month. There are no utilities expenses for the year ended December 31, 2022. The Organization relocated to Kearny Mesa, a suburb of San Diego, in 2023. See Note 13 for further discussion.

The net rent expense is as follows:

Gross rents/moving expense for the calendar year 2022 (occupancy and equipment)	\$ 34,492
Rent expense allocated to fundraising. Fundraising income and expense are shown net on the Statement of Activities. Fundraising rent expense is not disclosed on Schedule of Functional Expenses	<u>(291)</u>
Rent per the Schedule of Functional Expenses (page 7)	\$ <u>34,201</u>

Note 10 – Volunteer Support

Volunteers from the community have donated significant amounts of their time in support of the Organization's programs. No amounts have been reflected in the financial statements for the contributed services since no objective basis is available to measure the value of such services.

Note 11 – Concentration of Credit Risk

As of December 31, 2022 the Organization maintained cash balances in financial institutions in excess of the amounts insured by the FDIC. However, management believes the credit risk is minimal due to the quality of the financial institutions where its cash is held.

San Diego Coastkeeper
Notes to the Financial Statements (continued)
Years Ended December 31, 2022 and 2021

Note 12 – Investments

Investments as of December 31, 2022 and 2021 consist primarily of assets invested in marketable equity and debt securities. Cash and cash equivalents that are not used for operations are treated as investments due to their nature as long-term investments. Investments are carried at fair value based on quoted market prices in active market (all Level 1 measurements). The realized and unrealized gains and losses on investments are reflected in the statement of activities. Investment revenues are reported net of related investment expenses.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

At December 31, 2022, investments consisted of the following;

Cash and cash equivalents	\$ 1,680,951
Certificates of deposit	<u>254,647</u>
Total	<u>\$1,935,598</u>

At December 31, 2021, investments consisted of the following;

Cash and cash equivalents	\$ 1,352,540
Certificates of deposit	<u>254,647</u>
Total	<u>\$1,607,187</u>

Note 13 – Subsequent Events

The Organization's management has evaluated subsequent events through February 2, 2024, the date the financial statements were available to be issued. In January 2023 the Organization signed a multi-year lease for a Kearney Mesa, CA location. The new lease will be subject to lease disclosure requirements for the year ended December 31, 2023.