



SAN DIEGO COASTKEEPER
FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Diego Coastkeeper

Opinion

We have audited the accompanying financial statements of San Diego Coastkeeper (a California non-profit corporation), which comprise the statement of financial position as of December 31, 2023 and the related statement of activities and changes in net assets, statement of functional expenses and statement of cash flows 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, 2023 and the results of its operations and its cash flows for the year then ended in conformity 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.

Prior Period Financial Statements

The financial statements of San Diego Coastkeeper as of December 31, 2022 were audited by other auditors whose report dated February 2, 2024 expressed an unmodified opinion on those financial statements.

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 error or fraud.

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.

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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one 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 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, 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.

Matranga & Company

San Diego, California
October 31, 2024

SAN DIEGO COASTKEEPER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
ASSETS

	2023	2022
Current Assets		
Cash and cash equivalents	\$ 1,824,559	\$ 1,680,951
Certificates of deposit	266,276	254,647
Contract Assets (Note 2)	100,591	26,788
Prepaid expenses	11,623	10,845
Total current assets	2,203,049	1,973,231
Fixed assets - net (Note 3)	0	0
Other Assets:		
Deposit	3,500	3,500
Right of use asset-operating; net of amortization of \$23,647 (Note 5)	156,507	0
Total assets	<u>\$ 2,363,056</u>	<u>\$ 1,976,731</u>

LIABILITIES AND NET ASSETS

	2023	2022
Current Liabilities		
Accounts payable	\$ 6,581	\$ 5,750
Accrued expenses (Note 4)	24,621	21,834
Contract liabilities (Note 6)	537,500	142,000
Lease liability-operating-current (Note 5)	35,584	0
Total current liabilities	604,286	169,584
Long-Term Liabilities		
Lease liability-operating-long term (Note 5)	120,923	0
Total long-term liabilities	120,923	0
Total liabilities	725,209	169,584
Commitments and contingencies (Note 5)		
Net assets		
Without donor restrictions	1,554,954	1,730,670
With donor restrictions	82,893	76,477
Total net assets	1,637,847	1,807,147
Total liabilities and net assets	<u>\$ 2,363,056</u>	<u>\$ 1,976,731</u>

See independent auditor's report and accompanying notes to the financial statements.

SAN DIEGO COASTKEEPER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
ASSETS

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See independent auditor's report and accompanying notes to the financial statements.

SAN DIEGO COASTKEEPER
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
DECEMBER 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support						
Direct public support	\$ 523,358	\$ 156,002	\$ 679,360	\$ 1,008,292	\$ 196,130	\$ 1,204,422
Government grants	12,846	221,476	234,322	161,181	0	161,181
Fundraising events, net	(12,489)	0	(12,489)	(7,378)	0	(7,378)
Investment earnings(interest)	20,024	0	20,024	2,411	0	2,411
Net assets released from restriction	371,062	(371,062)	0	210,859	(210,859)	0
Total revenue and support	914,801	6,416	921,217	1,375,365	(14,729)	1,360,636
Expenses						
Program services						
Monitoring	207,529	0	207,529	168,951	0	168,951
Education	190,217	0	190,217	187,581	0	187,581
Advocacy	470,765	0	470,765	630,096	0	630,096
Total program services	868,511	0	868,511	986,628	0	986,628
Supporting services						
Management & general	118,063	0	118,063	50,651	0	50,651
Resource development	103,943	0	103,943	125,314	0	125,314
Total supporting services	222,006	0	222,006	175,965	0	175,965
Total expenses	1,090,517	0	1,090,517	1,162,593	0	1,162,593
Increase(Decrease) in Net Assets	(175,716)	6,416	(169,300)	212,772	(14,729)	198,043
Net Assets - Beginning of Year	1,730,670	76,477	1,807,147	1,517,898	91,206	1,609,104
Net Liabilities - End of Year	\$ 1,554,954	\$ 82,893	\$ 1,637,847	\$ 1,730,670	\$ 76,477	\$ 1,807,147

See independent auditor's report and accompanying notes to the financial statements.

SAN DIEGO COASTKEEPER
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2023

	Monitoring	Education	Advocacy	Total Program Services	Management and General	Resource Development	Total Expenses
Salaries	\$ 121,828	140,831	339,635	602,294	12,970	70,965	686,229
Payroll taxes	9,789	11,641	25,673	47,103	976	5,637	53,716
Employee benefits	11,345	12,060	16,757	40,162	1,863	6,245	48,270
Workers compensation insurance	1,074	1,149	1,584	3,807	420	606	4,833
Total personnel costs	144,036	165,681	383,649	693,366	16,229	83,453	793,048
Accounting	\$ 0	0	0	0	\$ 19,907	0 \$	19,907
Boat maintenance	391	0	4,657	5,048	0	7,293	12,341
Communications	160	175	236	571	23	97	691
Computer services	103	3,401	152	3,656	10,707	57	14,420
Consultants	3,450	0	48,849	52,299	31,903	6,125	90,327
Continuing education	501	302	0	803	780	395	1,978
Dues and subscriptions	909	1,489	7,540	9,938	11,683	488	22,109
Equipment rental/maintenance	2,919	508	525	3,952	2,459	212	6,623
Insurance	1,117	1,187	1,649	3,953	8,436	615	13,004
Outside services	38,452	0	1,365	39,817	0	0	39,817
Rent (Note 5)	6,619	7,068	9,922	23,609	780	3,707	28,096
Social	717	477	446	1,640	1,789	127	3,556
Supplies and equipment	4,157	5,974	441	10,572	5,206	710	16,488
Travel	3,998	3,955	11,334	19,287	8,161	664	28,112
Total other expenses	63,493	24,536	87,116	175,145	101,834	20,490	297,469
Total expenses	\$ 207,529	190,217	470,765	868,511	\$ 118,063	\$ 103,943	\$ 1,090,517

See independent auditor's report and accompanying notes to the financial statements.

SAN DIEGO COASTKEEPER
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2022

	Monitoring	Education	Advocacy	Total Program Services	Management and General	Resource Development	Total Expenses
Salaries	\$ 118,215	134,039	431,989	684,243	(529)	85,252	768,966
Payroll taxes	9,585	10,787	30,059	50,431	91	6,776	57,298
Employee benefits	8,855	10,229	15,350	34,434	3,051	6,083	43,568
Workers compensation insurance	597	671	1,172	2,440	105	1,204	3,749
Total personnel costs	137,252	155,726	478,570	771,548	2,718	99,315	873,581
Accounting	\$ 0	0	141	141	\$ 23,172	0	\$ 23,313
Boat maintenance	621	0	6,679	7,300	0	0	7,300
Communications	220	242	169	631	40	144	815
Computer services	819	927	1,217	2,963	188	2,152	5,303
Consultants	5,097	12,688	9,705	27,490	1,180	1,954	30,624
Continuing education	0	0	245	245	0	0	245
Dues and subscriptions	940	1,830	10,555	13,325	1,119	4,857	19,301
Equipment rental/maintenance	7,089	0	0	7,089	85	0	7,174
Insurance	1,079	0	0	1,079	5,278	811	7,168
Outside services	7,509	0	110,900	118,409	0	0	118,409
Rent (Note 5)	5,194	6,420	8,604	20,218	1,078	5,731	27,027
Social	218	0	0	218	1,813	852	2,883
Supplies and equipment	1,823	8,309	649	10,781	45	7,344	18,170
Travel	1,090	1,439	2,662	5,191	13,935	2,154	21,280
Total other expenses	31,699	31,855	151,526	215,080	47,933	25,999	289,012
Total expenses	\$ 168,951	187,581	630,096	986,628	\$ 50,651	\$ 125,314	\$ 1,162,593

See independent auditor's report and accompanying notes to the financial statements.

SAN DIEGO COASTKEEPER
STATEMENT OF CASH FLOWS
DECEMBER 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Increase (decrease) in net assets	\$ (169,300)	\$ 198,043
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Amortization expense portion of lease expense for operating leases	4,625	0
Change in operating assets:		
Contract assets	(73,803)	(13,073)
Prepaid expenses	(778)	1,275
Deposit	0	(3,500)
Right of use asset	23,647	0
Accounts payable	831	4,650
Accrued expenses	2,787	(984)
Contract liabilities	395,500	142,000
Lease liability-operating	(28,272)	0
Net cash (used in) provided by operating activities	<u>155,237</u>	<u>328,411</u>
Cash Flows From Investing Activities	<u>0</u>	<u>0</u>
Cash Flows From Financing Activities	<u>0</u>	<u>0</u>
Net (decrease) increase in cash	<u>155,237</u>	<u>328,411</u>
Cash and cash equivalents (including CD's) at Beginning of Year	<u>1,935,598</u>	<u>1,607,187</u>
Cash and cash equivalents (including CD's) at End of Year	<u><u>\$ 2,090,835</u></u>	<u><u>\$ 1,935,598</u></u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for:		
Interest	<u>\$ 0</u>	<u>\$ 0</u>
Taxes	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

See independent auditor's report and accompanying notes to the financial statements.

SAN DIEGO COASTKEEPER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Business Activity

San Diego Coastkeeper (the "Organization") is a California non-profit public benefit corporation organized for charitable purposes and exempt from taxation under the Internal Revenue Code and incorporated in 1995. The purpose of the Organization is to protect and restore 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 education (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.

See Independent Auditor's Report.

SAN DIEGO COASTKEEPER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 for use in general operations and not subject to donor restrictions generally result from revenue generated by receiving unrestricted contributions, providing services and receiving interest form 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 those 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.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

Contributions received as well as collectible unconditional promises to give are recognized in the period received. Contributions with donor-imposed restrictions are reported as revenues with donor restrictions and are classified as net assets with donor restrictions which are then reclassified to net assets without donor restrictions when the donor restrictions are satisfied. Contributions received with donor-imposed restrictions that are met in the same year in which the contribution is received are classified as with donor restrictions and are then shown as released from restriction in the same year.

See Independent Auditor's Report.

SAN DIEGO COASTKEEPER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed In-Kind Goods and Services

Contributions of noncash assets are recorded at fair value in the period received. No amounts have been reflected in the financial statements for donated goods or services. The Organization generally pays for services requiring specific expertise. However, individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as donated services outlined by (ASC 958-605-25-16).

Revenue Recognition

For its non-exchange revenue transactions, the Organization follows the provisions of Statement of Financial Accounting Standards Board Accounting Standards Codification (ASC 958-605-25), "Financial Statements of Not-for-Profit Entities- Revenue Recognition" (ASC 958-605-25).

The Organization recognizes contributions when cash, securities or other assets; unconditional promises to give; or a notification of beneficial interest is received. Conditional promises to give- that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Grant income that is for a specific period of time (primarily quarterly or annually) is deferred and recognized on a straight-line basis over the period for which the grant was issued.

Contributed services that meet the criteria outlined by (ASC 958-605-25-16) are recognized as a contribution and an expense.

For its exchange revenue transactions, management has analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*, and have concluded that no changes are necessary to conform with the new standard. Revenues contain a single delivery element and are generally recognized at a single point in time when ownership, risks and rewards have transferred to the customer.

Cash and Cash Equivalents

The Organization maintains cash on deposit with financial institutions, which are insured for a maximum of \$250,000 during 2023 and 2022, by the U.S. Federal Deposit Insurance Corporation (FDIC). At various times throughout the year the Organization's cash balances may be in excess of the FDIC limit. The Organization considers cash equivalents to include highly liquid temporary investments, including money market funds, purchased with an original maturity of three months or less.

See Independent Auditor's Report.

SAN DIEGO COASTKEEPER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

NOTE 1 - 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.

Fixed Assets

Property and equipment are recorded at cost if purchased or at fair market value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from three to seven years.

The Organization's policy is to capitalize assets with a useful life of greater than one year and a value of \$5,000 or more.

Impairment of Long-Lived Assets

In accordance with FASB ASC 360-10-35, *Property, Plant and Equipment – Subsequent Measurement*, the Company periodically reviews the recoverability of the carrying value of long-lived assets for impairment whenever events or circumstances indicate that their carrying value may not be recoverable. The recoverability of the assets is determined by analysis of the assets' fair value comparing the forecasted future undiscounted cash flows from operations to which the assets relate. If the carrying value is determined not to be recoverable from future operating cash flows, the assets are deemed impaired, and an impairment loss is recognized equal to the amount by which the carrying amount exceeds the estimated fair value of the assets. No such impairment was recorded for the periods ended December 31, 2023 and 2022.

Grants and Contracts Receivable Recognition

Grants and contracts are paid to the Organization on a reimbursement basis, up to the maximum amounts 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.

See Independent Auditor's Report.

SAN DIEGO COASTKEEPER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

As a publicly supported not-for-profit organization, the Organization is exempt from income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) 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 provide 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, 2023 and 2022.

The Organization files exempt organization business income tax returns in the U.S. federal jurisdiction and the California, state jurisdiction. The Organization is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2020.

Functional Allocation of Expenses

The costs of providing the Organization's programs and other activities have been presented in the schedule of functional expenses. These expenses require allocation on a reasonable basis that is consistently applied. During the year, expenses are allocated to separate groupings as either direct or indirect expenses. Indirect or shared costs are then 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.

Fair Value of Financial Instruments

The Organization adopted the provisions of FASB ASC 820-10 which provides a framework for measuring fair value under GAAP. It defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. It also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

See Independent Auditor's Report.

SAN DIEGO COASTKEEPER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

There are three general valuation techniques that may be used to measure fair value, as described below:

- A) Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources;
- B) Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- C) Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques, and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practical to estimate that value.

Cash and Cash Equivalents and deposits. The carrying amount is a reasonable estimate of fair value.

Contract Assets, and prepaid expenses. The carrying value of contract assets and prepaid expenses approximate the fair value due to the short-term nature of these instruments.

Accounts Payable, Contract Liabilities and Accrued Expenses. The carrying value of accounts payable, contract liabilities and accrued expenses approximate the fair value due to the short-term nature of these instruments.

Litigation and other Contingencies

In accordance with ASC 450, *Contingencies*, an accrual is recorded for a loss contingency which its occurrence is probable, and damages can be reasonably estimated based on the anticipated most likely outcome or the minimum amount within a range of possible outcomes. The Organization regularly reviews contingencies to determine the adequacy of its accruals and related disclosures. The amount of ultimate loss may differ from these estimates.

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.

See Independent Auditor's Report.

SAN DIEGO COASTKEEPER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Going Concern

Pursuant to ASU 2014-15 and based on its evaluation, management concluded that there were no conditions or events that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the financial statements are issued.

Change of Accounting Principle

The Organization adopted FASB Topic 42, *Leases*, using the effective date method, with January 1, 2022 as the date of initial adoption. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Organization to carry forward the historical lease classification. During the year ended December 31, 2022 the adoption did not have a material impact on the financial statements as the Organization had no right of use assets or liabilities during 2022. During the year ended December 31, 2023 the adoption had a material impact on the Company's balance sheet but did not have a material impact on the income statement or statement of cash flows. See Note 5 for further disclosures regarding lease obligations.

NOTE 2 – CONTRACT ASSETS

Contract assets consisted of the following as of December 31:

	2023	2022
City of San Diego	\$ 73,271	\$ 14,262
Private Parties	27,320	12,526
Total contract assets	<u>\$ 100,591</u>	<u>\$ 26,788</u>

NOTE 3 - FIXED ASSETS

Fixed assets consisted of the following as of December 31:

	2023	2022
Leasehold improvements	\$ 0	\$ 81,470
Vehicle (Boat)	49,166	49,166
Total fixed assets	49,166	130,636
Less accumulated depreciation	(49,166)	(130,636)
Total fixed assets - net	<u>\$ 0</u>	<u>\$ 0</u>

See Independent Auditor's Report.

SAN DIEGO COASTKEEPER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

NOTE 3 - FIXED ASSETS (Continued)

The Organization periodically reviews the value of its property and equipment to determine if impairment has occurred. Based on management's review, the Organization decided no write offs were necessary for the years ended December 31, 2023 and 2022. Depreciation expenses were \$0 for the years ended December 31, 2023 and 2022.

NOTE 4 - ACCRUED EXPENSES

Accrued expenses consisted of the following on December 31:

	2023	2022
Vacation accrual	\$ 23,357	\$ 21,129
Accrued payroll expenses	1,264	706
Total accrued expenses	<u>\$ 24,621</u>	<u>\$ 21,835</u>

NOTE 5 - COMMITMENTS

Operating Leases-after adoption of FASB Topic 42, Leases

The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. The Organization has elected the short-term lease recognition exemption for all applicable underlying assets. Leases with an initial term of twelve months or less, that do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise, are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term.

During the year ended December 31, 2022, the Organization leased its administrative offices under a month-to-month lease that included utilities, property tax and other common area services as part of the monthly lease payment. The lease expense was \$2,000 per month.

For the year ending December 31, 2022 rent expenses of \$27,027 for the operating lease are included in the statement of functional expenses as rent expense. Rent expenses of \$291 were allocated to fundraising expenses and therefore not included in the statement of functional expenses.

Effective January 1, 2023, the Organization began a lease for a new location. The lease term is for five years with an initial base lease payment of \$2,356 increasing annually to \$3,623 in the final year. The lease payment includes utility charges.

See Independent Auditor's Report.

SAN DIEGO COASTKEEPER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

NOTE 5 – COMMITMENTS(Continued)

As of December 31, 2023 the right of use asset-operating had a balance of \$156,507, net of 2023 depreciation of \$23,647 as shown in other (non-current) assets on the statement of financial position. The operating lease liability is included in current liabilities (\$120,923) and long-term liabilities (\$35,584). The lease assets and liability were calculated using 3% as the discount rate as it is the rate used in the lease for the increase utilities included in the lease payments.

For the year ending December 31, 2023 rent expenses of \$28,093 for the operating lease are included in the statement of functional expenses as rent expense. Rent expenses of \$332 were allocated to fundraising expenses and therefore not included in the statement of functional expenses.

The weighted average remaining lease term is 4 years, and the weighted average discount rate is 3%.

NOTE 6 – REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about significant changes in the contract liabilities for the years ended December 31, 2023 and 2022:

	2023	2022
Deferred grant income, beginning of year	\$ 142,000	\$ 0
Revenue recognized that was included in deferred income at the beginning of the year	(71,000)	0
Increase in deferred revenue due to cash received during the year	466,500	142,000
	<u>\$ 537,500</u>	<u>\$ 142,000</u>

NOTE 7 – CONCENTRATIONS

Credit Risk

The Organization maintains cash balances at various financial institutions Accounts at these institutions are secured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization had uninsured balances totaling \$1,340,334 on December 31, 2023 and \$1,435,194 on December 31, 2022. Management believes that the Organization is not exposed to any significant credit risk in cash.

See Independent Auditor's Report.

SAN DIEGO COASTKEEPER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of Coastkeeper's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The following reflects the Organization's financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,824,559	\$ 1,680,951
Certificates of deposit	266,276	254,647
Contract Assets (Note 2)	100,591	26,788
Funds subject to donor-imposed restrictions	(76,477)	(76,477)
Net Financial Assets	<u>\$ 2,114,949</u>	<u>\$ 1,885,909</u>

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

On December 31, 2023 and 2022, donor restricted net assets consisted of the following:

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
Education	\$ 76,477	\$ 191,712	\$ (185,296)	\$ 82,893
Advocacy	0	85,000	(85,000)	0
Monitoring	0	29,764	(29,764)	0
Resource Development	0	71,002	(71,002)	0
Total	<u>\$ 76,477</u>	<u>\$ 377,478</u>	<u>\$ (371,062)</u>	<u>\$ 82,893</u>

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

NOTE 10 – DATE OF MANAGEMENT EVALUATION

Management has evaluated subsequent events through October 31, 2024, the date on which the financial statements were available to be issued.

See independent Auditor's Report.

San Diego Coastkeeper
Balance Sheet
As of December 31, 2023

	Dec 31, 23
ASSETS	
Current Assets	
Checking/Savings	
1070 · Schwab Investment	554,995.40
1065 · Beneficial Savngs	110,912.26
1055 · Beneficial State Bank Checking	1,158,150.96
1025 · Securities Deposit	500.31
1045 · Certificate of Deposit	266,276.03
Total Checking/Savings	2,090,834.96
Accounts Receivable	
1200 · Accounts Receivable	100,590.95
Total Accounts Receivable	100,590.95
Other Current Assets	
1450 · Prepaid Expenses	
1457 · Prepaid Rent	3,316.00
1455 · Prepaid Other Insurance	2,953.88
1456 · Prepaid Health Insurance	5,353.53
Total 1450 · Prepaid Expenses	11,623.41
Total Other Current Assets	11,623.41
Total Current Assets	2,203,049.32
Fixed Assets	
1650 · Vehicle (Boat)	49,166.03
1690 · Accum deprec	(49,166.03)
Total Fixed Assets	0.00
Other Assets	
1920 · Right of Use Asset-Operating	156,506.52
1900 · Deposits	3,500.00
Total Other Assets	160,006.52
TOTAL ASSETS	2,363,055.84
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2010 · Accounts Payable	6,581.25
Total Accounts Payable	6,581.25
Other Current Liabilities	
2155 · Lease Liability-Operating Curr.	35,583.43
Payroll Liabilities	
CalSavers Payable	1,263.56
2150 · Accrued Vacation Pay	23,357.53
Total Payroll Liabilities	24,621.09
2350 · Deferred Revenue	537,500.22
Total Other Current Liabilities	597,704.74
Total Current Liabilities	604,285.99
Long Term Liabilities	
2520 · Lease Liability-Oper.-Long Term	120,923.09
Total Long Term Liabilities	120,923.09
Total Liabilities	725,209.08
Equity	

San Diego Coastkeeper
Balance Sheet
As of December 31, 2023

	Dec 31, 23
3010 · Retained Earnings (Unrestricted	1,730,669.81
3100 · Temporarily restrict net asset	76,477.00
Net Income	(169,300.05)
Total Equity	1,637,846.76
TOTAL LIABILITIES & EQUITY	2,363,055.84

Account	Debit	Credit
1025-Securities Deposit	96.02	
Interest/Dividend Income		96.02 To adjust to actual per statement
1630 Leasehold Improvements		81,459.71
1690 Accumulated Depr.	81,459.71	To write off leasehold Improvements from old building
Right of use asset-operating	156,506.52	
Lease liability-operating-ST		35,583.43
Lease liability-operating-LT		120,923.09 To record right of use asset
Accounts Payable		6,581.25
Contractors-(G&A)	1,828.75	
Lab Services(Lab & Science)	4,752.50	To record A/P
Deferred Revenue		41,668.68
Grants foundation(Resource Development)	41,668.68	To reclass 2024 revenue to deferred