

**SAN DIEGO COASTKEEPER  
FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

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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, 2024 and 2023 and the related statement of activities and changes in net assets, statement of functional expenses and statement of cash flows for the years 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, 2024 and 2023 and the results of its operations and its cash flows for the years 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.

### 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.

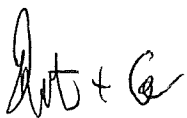
## **Auditor's Responsibilities for the Audit of the Financial Statements**

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 it 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  
May 31, 2025

SAN DIEGO COASTKEEPER  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2024 AND 2023  
ASSETS

	2024	2023
Current Assets		
Cash and cash equivalents	\$ 2,376,159	\$ 1,824,559
Certificates of deposit (CDs) (Note 1)	277,914	266,276
Contract Assets (Note 2)	19,795	100,591
Prepaid expenses	11,717	11,623
Total current assets	2,685,585	2,203,049
Fixed assets - net (Note 3)	71,019	0
Other Assets:		
Deposit	3,500	3,500
Right of use asset-operating; net of amortization of \$59,230 and \$23,647 (Note 5)	120,923	156,507
Total assets	<u>\$ 2,881,027</u>	<u>\$ 2,363,056</u>

LIABILITIES AND NET ASSETS

	2024	2023
Current Liabilities		
Accounts payable	\$ 8,041	\$ 6,581
Accrued expenses (Note 4)	34,282	24,621
Contract liabilities (Note 1 and 6)	110,000	537,500
Lease liability-operating-current (Note 5)	37,870	35,584
Total current liabilities	190,193	604,286
Long-Term Liabilities		
Lease liability-operating-long term (Note 5)	83,053	120,923
Total long-term liabilities	83,053	120,923
Total liabilities	273,246	725,209
Commitments and contingencies (Note 5)		
Net assets		
Without donor restrictions	1,946,684	1,554,954
With donor restrictions	661,097	82,893
Total net assets	2,607,781	1,637,847
Total liabilities and net assets	<u>\$ 2,881,027</u>	<u>\$ 2,363,056</u>

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, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support</b>						
Direct public support	\$ 411,647	\$ 1,363,065	\$ 1,774,712	\$ 434,469	\$ 156,002	\$ 590,471
Government grants	8,000	187,406	195,406	12,846	221,476	234,322
Other income (Note 1)	291,679	0	291,679	88,889	0	88,889
Fundraising events, net	(22,690)	0	(22,690)	(12,489)	0	(12,489)
Investment earnings(interest)	42,151	0	42,151	20,024	0	20,024
Net assets released from restriction	972,267	(972,267)	0	371,062	(371,062)	0
<b>Total revenue and support</b>	<b>1,703,054</b>	<b>578,204</b>	<b>2,281,258</b>	<b>914,801</b>	<b>6,416</b>	<b>921,217</b>
<b>Expenses</b>						
<b>Program services</b>						
Monitoring	268,419	0	268,419	\$ 0	0	0
Education	299,308	0	299,308	1,090,517	0	1,090,517
Advocacy	457,670	0	457,670	0	0	0
<b>Total program services</b>	<b>1,025,397</b>	<b>0</b>	<b>1,025,397</b>	<b>1,090,517</b>	<b>0</b>	<b>1,090,517</b>
<b>Supporting services</b>						
Management & general	162,899	0	162,899	0	0	0
Resource development	123,028	0	123,028	0	0	0
<b>Total supporting services</b>	<b>285,927</b>	<b>0</b>	<b>285,927</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total expenses</b>	<b>1,311,324</b>	<b>0</b>	<b>1,311,324</b>	<b>1,090,517</b>	<b>0</b>	<b>1,090,517</b>
<b>Increase(Decrease) in Net Assets</b>	<b>391,730</b>	<b>578,204</b>	<b>969,934</b>	<b>(175,716)</b>	<b>6,416</b>	<b>(169,300)</b>
<b>Net Assets - Beginning of Year</b>	<b>1,554,954</b>	<b>82,893</b>	<b>1,637,847</b>	<b>1,730,670</b>	<b>76,477</b>	<b>1,807,147</b>
<b>Net Liabilities - End of Year</b>	<b>\$ 1,946,684</b>	<b>\$ 661,097</b>	<b>\$ 2,607,781</b>	<b>\$ 1,554,954</b>	<b>\$ 82,893</b>	<b>\$ 1,637,847</b>

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

SAN DIEGO COASTKEEPER  
STATEMENT OF FUNCTIONAL EXPENSES  
DECEMBER 31, 2024

	Monitoring	Education	Advocacy	Total Program Services	Management and General	Resource Development	Total Expenses
Salaries	\$ 110,849	225,493	353,336	689,678	17,281	87,591	794,550
Payroll taxes	8,988	18,095	26,371	53,454	262	6,925	60,641
Employee benefits	22,061	22,060	11,040	55,161	2,259	11,030	68,450
Workers compensation insurance	1,040	1,049	661	2,750	377	527	3,654
<b>Total personnel costs</b>	<b>142,938</b>	<b>266,697</b>	<b>391,408</b>	<b>801,043</b>	<b>20,179</b>	<b>106,073</b>	<b>927,295</b>
Accounting	\$ 0	0	0	0	\$ 48,938	0	\$ 48,938
Boat maintenance	0	0	7,751	7,751	0	0	7,751
Computer services	181	185	153	519	2,441	94	3,054
Consultants	0	0	32,331	32,331	34,971	0	67,302
Continuing education	138	0	0	138	504	15	657
Depreciation	0	0	2,612	2,612	15,143	0	17,755
Dues and subscriptions	1,532	4,091	7,837	13,460	11,174	9,199	33,833
Equipment rental/maintenance	64	88	94	246	3,321	35	3,602
Insurance	0	0	0	0	12,194	0	12,194
Misc. Fees	166	0	0	166	0	0	166
Outside services	104,575	1,000	0	105,575	0	0	105,575
Rent (Note 5)	12,600	12,600	6,302	31,502	995	6,300	38,797
Social	0	2,122	311	2,433	2,178	273	4,884
Supplies and equipment	4,186	7,457	1,807	13,450	8,544	182	22,176
Travel	2,039	5,068	7,064	14,171	2,317	857	17,345
<b>Total other expenses</b>	<b>125,481</b>	<b>32,611</b>	<b>66,262</b>	<b>224,354</b>	<b>142,720</b>	<b>16,955</b>	<b>384,029</b>
<b>Total expenses</b>	<b>\$ 268,419</b>	<b>299,308</b>	<b>457,670</b>	<b>1,025,397</b>	<b>\$ 162,899</b>	<b>\$ 123,028</b>	<b>\$ 1,311,324</b>

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
<b>Total personnel costs</b>	<b>144,036</b>	<b>165,681</b>	<b>383,649</b>	<b>693,366</b>	<b>16,229</b>	<b>83,453</b>	<b>793,048</b>
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
<b>Total other expenses</b>	<b>63,493</b>	<b>24,536</b>	<b>87,116</b>	<b>175,145</b>	<b>101,834</b>	<b>20,490</b>	<b>297,469</b>
<b>Total expenses</b>	<b>\$ 207,529</b>	<b>190,217</b>	<b>470,765</b>	<b>868,511</b>	<b>\$ 118,063</b>	<b>\$ 103,943</b>	<b>\$ 1,090,517</b>

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



SAN DIEGO COASTKEEPER  
STATEMENT OF CASH FLOWS  
DECEMBER 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities:		
Increase (decrease) in net assets	\$ 969,934	\$ (169,300)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	17,755	0
Amortization expense portion of lease expense for operating leases	4,209	4,625
Change in operating assets:		
Contract assets	80,796	(73,803)
Prepaid expenses	(94)	(778)
Deposit	0	0
Right of use asset	35,584	23,647
Accounts payable	1,460	831
Accrued expenses	9,661	2,787
Contract liabilities	(427,500)	395,500
Lease liability-operating	<u>(39,793)</u>	<u>(28,272)</u>
Net cash (used in) provided by operating activities	<u>652,012</u>	<u>155,237</u>
Cash Flows From Investing Activities		
Purchases of fixed assets	<u>(88,774)</u>	<u>0</u>
Cash Flows From Financing Activities	<u>0</u>	<u>0</u>
Net (decrease) increase in cash	<u>563,238</u>	<u>155,237</u>
Cash and cash equivalents (including CD's) at Beginning of Year	<u>2,090,835</u>	<u>1,935,598</u>
Cash and cash equivalents (including CD's) at End of Year	<u><u>\$ 2,654,073</u></u>	<u><u>\$ 2,090,835</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, 2024 and 2023

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, 2024 and 2023

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 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 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, 2024 AND 2023

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 for the years ended December 31, 2024 and 2023. 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 (services that create or enhance long-lived assets or require specialized skills provided by individuals possessing those skills, and would, typically need to be purchased if not provided by donation) 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 (contract liabilities) 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.

Through its efforts to enforce environmental regulations, the Organization incurs costs that they are sometimes reimbursed for. When those costs are recovered, the Organization records them as other income on the statement of activities. Such costs totaled \$291,679 and \$88,889 for the years ended December 31, 2024 and 2023, respectively.

For its exchange revenue transactions, management has analyzed the provisions of FASB's ASC Topic 606, *Revenue from Contracts with Customers*, and has 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 been transferred to the customer.

See independent Auditor's Report.

SAN DIEGO COASTKEEPER  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Organization maintains cash on deposit with financial institutions, which are insured for a maximum of \$250,000 during 2024 and 2023, 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 and certificates of deposit (CDs), purchased with an original maturity of three months or less.

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 compared to 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, 2024 and 2023.

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, 2024 AND 2023

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, 2024 and 2023.

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 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. 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, 2024 AND 2023

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. As of December 31, 2024 and 2023 the Organization was not involved in any litigation as a defendant.

See independent Auditor's Report.

SAN DIEGO COASTKEEPER  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

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.

NOTE 2 – CONTRACT ASSETS

Contract assets consisted of the following as of December 31:

	<u>2024</u>	<u>2023</u>
City of San Diego	\$ 13,430	\$ 73,271
Private Parties	<u>6,365</u>	<u>27,320</u>
Total contract assets	<u>\$ 19,795</u>	<u>\$ 100,591</u>

NOTE 3 - FIXED ASSETS

Fixed assets consisted of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ 0	\$ 0
Vehicle (Van)	72,970	0
Vehicle (Boat)	<u>64,970</u>	<u>49,166</u>
Total fixed assets	137,940	49,166
Less accumulated depreciation	<u>(66,921)</u>	<u>(49,166)</u>
Total fixed assets - net	<u>\$ 71,019</u>	<u>\$ 0</u>

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, 2024 and 2023. Depreciation expenses were \$17,755 and \$0 for the years ended December 31, 2024 and 2023, respectively.

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NOTE 4 - ACCRUED EXPENSES

Accrued expenses consisted of the following on December 31:

	<u>2024</u>	<u>2023</u>
Vacation accrual	\$ 33,998	\$ 23,357
Accrued payroll expenses	<u>284</u>	<u>1,264</u>
Total accrued expenses	<u>\$ 34,282</u>	<u>\$ 24,621</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.

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.

As of December 31, 2024 and 2023 the right of use asset-operating had a balance of \$120,923 and \$156,507, respectively, net of accumulated depreciation of \$59,230 and \$23,647, respectively, as shown in other (non-current) assets on the statement of financial position. The operating lease liability is included in current liabilities (\$37,870 and \$35,584) and long-term liabilities (\$83,053 and \$120,923). 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 in utilities included in the lease payments.

For the years ending December 31, 2024 and 2023 rent expenses of \$38,797 and \$28,096, respectively, for the operating lease are included in the statement of functional expenses as rent expense. Rent expenses of \$995 and \$332 were allocated to fundraising expenses and therefore not included in the statement of functional expenses.

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

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**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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Deferred grant income, beginning of year	\$ 537,500	\$ 142,000
Revenue recognized that was included in deferred income at the beginning of the year	(537,500)	(71,000)
Increase in deferred revenue due to cash received during the year	<u>110,000</u>	<u>466,500</u>
	<u>\$ 110,000</u>	<u>\$ 537,500</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 \$1,906,572 on December 31, 2024 and \$1,340,334 on December 31, 2023. Management believes that the Organization is not exposed to any significant credit risk in cash.

**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, 2024 and 2023, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,376,159	\$ 1,824,559
Certificates of deposit	277,914	266,276
Contract Assets (Note 2)	19,795	100,591
Funds subject to donor-imposed restrictions	(661,097)	(82,893)
Net Financial Assets	<u>\$ 2,012,771</u>	<u>\$ 2,108,533</u>

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NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

On December 31, 2024 and 2023, donor restricted net assets consisted of the following:

	Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024
Education	\$ 82,893	\$ 668,969	\$ (490,043)	\$ 261,819
Advocacy	0	210,000	(48,333)	161,667
Monitoring	0	217,502	(56,891)	160,611
Resource Development	0	454,000	(377,000)	77,000
Total	<u>\$ 82,893</u>	<u>\$ 1,550,471</u>	<u>\$ (972,267)</u>	<u>\$ 661,097</u>

	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>

NOTE 10 – DATE OF MANAGEMENT EVALUATION

Management has evaluated subsequent events through May 31, 2025, the date on which the financial statements were available to be issued.

See independent Auditor's Report.