



Financial Statements

December 31, 2023
(with Comparative Totals for 2022)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Surfrider Foundation:

Opinion

We have audited the accompanying financial statements of Surfrider Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and 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 Surfrider Foundation (the Foundation) as of December 31, 2023, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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, 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 the Foundation'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 the Foundation'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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules on pages 33-35 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2022 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 11, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Windes, Inc.".

Irvine, California
November 4, 2024

SURFRIDER FOUNDATION

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

ASSETS

	December 31,	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 11,148,829	\$ 12,819,706
Investments	4,882,055	4,259,786
Grants and pledges receivable, net	4,019,855	1,816,517
Inventory	182,747	209,058
Prepaid expenses	337,596	212,323
Property and equipment, net	77,612	76,618
Operating lease right-of-use asset	627,130	772,097
TOTAL ASSETS	\$ 21,275,824	\$ 20,166,105

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued liabilities	\$ 57,194	\$ 161,482
Payroll-related liabilities	677,828	594,388
Operating lease liability	692,357	840,404
Total Liabilities	1,427,379	1,596,274
CONTINGENCIES (Note 14)		
NET ASSETS		
Without donor restrictions	9,999,537	11,359,605
With donor restrictions	9,848,908	7,210,226
Total Net Assets	19,848,445	18,569,831
TOTAL LIABILITIES AND NET ASSETS	\$ 21,275,824	\$ 20,166,105

The accompanying notes are an integral part of these financial statements.

SURFRIDER FOUNDATION

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2023</u>	<u>2022</u>
SUPPORT AND REVENUE				
Grants and contributions	\$ 4,935,929	\$ 5,332,221	\$ 10,268,150	\$ 7,854,901
Corporate partnership	1,349,688	404,316	1,754,004	2,320,671
Membership	1,445,753	-	1,445,753	1,703,952
Contributed materials and services	189,153	-	189,153	820,656
Merchandise sales, net of cost of goods sold of \$269,001 and \$380,603 for 2023 and 2022, respectively	272,772	-	272,772	306,028
Investment gain (loss)	126,543	614,555	741,098	(601,275)
Special events, net of direct costs of \$850,791 and \$614,713 for 2023 and 2022, respectively	73,441	-	73,441	29,998
Other income	183,552	-	183,552	-
Net assets released from restrictions	<u>3,712,410</u>	<u>(3,712,410)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>12,289,241</u>	<u>2,638,682</u>	<u>14,927,923</u>	<u>12,434,931</u>
EXPENSES				
Environmental programs	11,243,443	-	11,243,443	9,551,009
General and administrative	989,077	-	989,077	951,300
Fundraising	<u>1,416,789</u>	<u>-</u>	<u>1,416,789</u>	<u>1,149,423</u>
TOTAL EXPENSES	<u>13,649,309</u>	<u>-</u>	<u>13,649,309</u>	<u>11,651,732</u>
CHANGE IN NET ASSETS	(1,360,068)	2,638,682	1,278,614	783,199
NET ASSETS AT BEGINNING OF YEAR	<u>11,359,605</u>	<u>7,210,226</u>	<u>18,569,831</u>	<u>17,786,632</u>
NET ASSETS AT END OF YEAR	<u>\$ 9,999,537</u>	<u>\$ 9,848,908</u>	<u>\$ 19,848,445</u>	<u>\$ 18,569,831</u>

The accompanying notes are an integral part of these financial statements.

SURFRIDER FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	Environmental	General and	Fundraising	Total	
	Programs	Administrative		2023	2022
Salaries and wages	\$ 5,390,641	\$ 230,630	\$ 546,629	\$ 6,167,900	\$ 5,124,126
Payroll taxes	395,613	12,571	34,987	443,171	347,447
Employee benefits	570,895	23,652	50,036	644,583	501,758
Total payroll	<u>6,357,149</u>	<u>266,853</u>	<u>631,652</u>	<u>7,255,654</u>	<u>5,973,331</u>
Advertising	226,696	-	46,729	273,425	141,020
Consultation	1,625,059	133,217	494,712	2,252,988	2,160,930
Grants	62,538	-	29,481	92,019	41,218
Insurance	-	50,511	-	50,511	48,327
Licenses, fees, and other	89,402	129,388	2,338	221,128	209,110
Lobbying	248,373	-	1,997	250,370	181,488
Membership	199,583	-	65,681	265,264	242,719
Office and supplies	439,272	135,803	5,342	580,417	414,594
Postage and delivery	70,528	11,445	3,740	85,713	80,988
Printing	42,602	1,985	13,173	57,760	52,220
Professional services	338,080	12,947	13,843	364,870	597,495
Promotions	297,062	1,740	50,660	349,462	312,575
Rent	301,526	41,776	14,691	357,993	369,278
Staff training, meetings, and seminars	112,977	84,734	2,325	200,036	206,369
Telephone and utilities	113,312	7,453	9,717	130,482	111,722
Travel	677,720	110,411	27,392	815,523	476,908
Depreciation and amortization	<u>41,564</u>	<u>814</u>	<u>3,316</u>	<u>45,694</u>	<u>31,440</u>
Total Expenses	<u>\$ 11,243,443</u>	<u>\$ 989,077</u>	<u>\$ 1,416,789</u>	<u>\$ 13,649,309</u>	<u>\$ 11,651,732</u>

The accompanying notes are an integral part of these financial statements.

SURFRIDER FOUNDATION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	For the Year Ended December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,278,614	\$ 783,199
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	45,694	31,440
Contributions of investments	(191,395)	-
Realized (gain) loss on investments	(16,873)	93,193
Unrealized (gain) loss on investments	(461,402)	632,707
Changes in operating assets and liabilities:		
Grants and pledges receivable, net	(2,203,338)	(707,154)
Inventory	26,311	(86,579)
Prepaid expenses	(125,273)	(63,123)
Operating lease right-of-use asset and liability	(3,080)	68,307
Accounts payable and accrued liabilities	(104,288)	(106,886)
Payroll-related liabilities	83,440	84,437
Net Cash (Used In) Provided By Operating Activities	(1,671,590)	729,541
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(446,092)	(1,766,361)
Proceeds from sale of investments	493,493	1,027,491
Purchase of property and equipment	(46,688)	(53,957)
Net Cash Provided By (Used In) Investing Activities	713	(792,827)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,670,877)	(63,286)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	12,819,706	12,882,992
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 11,148,829	\$ 12,819,706

The accompanying notes are an integral part of these financial statements.

SURFRIDER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS FOR 2022)

NOTE 1 – Organization

Surfrider Foundation (the Foundation) is a nonprofit public benefit corporation headquartered in California. The Foundation was established in 1984 for the protection and enjoyment of the world’s oceans, waves, and beaches, for all people, through a powerful activist network. The Foundation maintains over one million supporters, activists, and members, with more than 200 volunteer-led chapters and student clubs in the United States, and has achieved more than 900 victories protecting our coast. The Foundation also operates various programs and activities to fulfill its mission.

The Foundation’s irreplaceable national network of chapter volunteers serves as the first response to local threats in coastal communities across the United States of America. Chapters based in the United States of America and Puerto Rico are the boots on the ground who collaborate on both the local and national level with regional staff and delegate experts to carry out the Foundation’s mission through campaign, program, and educational initiatives in their local communities. The Foundation focuses its efforts on five key areas: plastic pollution, coast and climate, water quality, beach access, and ocean protection. The Foundation has built a network of passion-driven people who are on the ground and are the voice for the world’s oceans and beaches. With one foot in the sand and the other in the water, the Foundation is the only nonprofit organization who is 100% focused on protecting the coasts.

NOTE 2 – Summary of Significant Accounting Policies

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

Basis of Consolidation

The accompanying financial statements include all significant activities of the Foundation’s headquarters and all chapters based in the United States of America and Puerto Rico. Chapters based in the United States of America are not separate entities and are under the control of the Foundation. Significant intracompany accounts and transactions have been eliminated. The Foundation has engaged in licensing agreements with international organizations that are structured as separate legal entities. As the Foundation does not maintain an economic interest or control, their activities are not included. These international entities are responsible for all aspects of operating the Foundation-related organizations in their respective countries. However, they are all required to adhere to the Foundation’s mission and guiding principles.

SURFRIDER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS FOR 2022)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in conformity with the accounting principles generally accepted in the United States of America (U.S. GAAP).

Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets and revenue are classified based on the existence or absence of donor-imposed restrictions.

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that may be temporary in nature that will be met by actions of the Foundation or the passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Other donor stipulations may be perpetual in nature, where the donor stipulates that the corpus be maintained intact in perpetuity. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

Use of Estimates

In preparing financial statements in conformity with U.S. GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and revenue and expenses during the reporting periods. Actual results could differ from those estimates.

SURFRIDER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain amounts in 2022 have been reclassified to conform with the 2023 financial statement presentation.

Recently Adopted Accounting Standards

Beginning January 1, 2023, the Foundation adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and its related amendments, which replaces the incurred loss methodology with an expected loss methodology referred to as the current expected credit loss (CECL) methodology. This ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This ASU also requires the Foundation to use forward-looking information to better formulate its credit loss estimates.

The ASU permits the use of either a prospective transition method or a modified-retrospective transition method with the cumulative-effect adjustment to the opening balance of net assets. The Foundation has elected the use of the modified-retrospective transition method. The transition method selected resulted in no adjustment to the opening balance of net assets.

Cash and Cash Equivalents and Credit Risk Concentration

For purposes of the statement of cash flows, cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash, or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates and have an original maturity date of three months or less from the date of purchase.

Cash and cash equivalents are placed with high-credit, quality financial institutions. At times, certain account balances may exceed insurance coverage limits by the Federal Deposit Insurance Corporation of \$250,000 per deposit or per insured banking institution. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

SURFRIDER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Investments

Investments are reported in the accompanying statement of financial position at fair value. Changes in fair value that occur during a fiscal year are recognized as investment gain (loss) reported for that fiscal year. Investment gain (loss) includes interest earnings, changes in fair value, and any gains or losses realized upon liquidation, maturity, or sale of investments.

Contributions of investments are recorded as contributions at their estimated fair values on the date of receipt. Upon the sale of the investments, any difference between the proceeds received in the sale and the fair value on the date of receipt recorded as a realized gain or loss in the statement activities and attributed to net assets with donor restrictions where stipulated by donor designations.

Grants and Pledges Receivable

Grants and pledges receivable represent amounts committed by grantors and donors that have not been received by the Foundation as of the fiscal year-end. Grants and pledges are recorded at the time an unconditional promise to give is made. Unconditional promises to give due in the next year are reflected at their net realizable value. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, discounted using risk-free interest rates. The Foundation receives unsecured grants and pledges from certain individuals, foundations, and businesses. The Foundation estimates credit losses based on historical bad debts, factors related to specific contributors' ability to pay, and current economic trends. Pledges are written off when deemed to be uncollectible. The Foundation did not write off any pledges during the years ended December 31, 2023 and 2022. As of December 31, 2023, management deemed all amounts as collectible and an allowance for uncollectible grants and pledges was not necessary.

Inventory

Inventory is recorded at the lower of cost or net realizable value on the first-in, first-out method.

SURFRIDER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS FOR 2022)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are carried at cost. Expenditures for property and equipment in excess of \$1,000 are capitalized. Depreciation of equipment, furniture, and fixtures is computed using the straight-line method over the estimated useful lives of three to five years. Amortization of leasehold improvements is computed using the straight-line method over the shorter of their estimated useful lives or the remaining terms of the leases. The cost of maintenance and repairs is charged to expense as incurred.

Lease Arrangements

The Foundation determines if an arrangement contains a lease at inception based on whether the Foundation has the right to control the asset during the contract period and other facts and circumstances. The Foundation elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The Foundation's policy for determining its lease discount rate used in measuring lease liabilities is to use the rate implicit in the lease whenever that rate is readily determinable. If the rate implicit in the lease is not readily determinable, then the Foundation has elected to use the risk-free discount rate, as permitted by U.S. GAAP, determined using a period comparable with that of the lease term.

The Foundation has elected a policy to account for short-term leases, defined as any lease with a term less than 12 months, by recognizing all components of the lease payment in the statement of activities in the period in which the obligation for the payments is incurred.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenue in the period pledged, net of estimated uncollectible amounts. Contributions are recorded in net assets without donor restrictions and are considered to be available for use unless specifically restricted by the donor. Conditional contributions are recognized as revenue and recorded in net assets without donor restrictions when the conditions on which they depend have been substantially met. During the years ended December 31, 2023 and 2022, there were no conditional contributions.

SURFRIDER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS FOR 2022)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Membership dues generally range from \$5 to \$500 per member for annual memberships. The value of membership benefits received by members are immaterial and, as such, the Foundation records membership revenue in the period in which the membership is entered.

Corporate partnership revenue is recorded based on the terms of licensing agreements. Typically, companies will sell products with the Surfrider brand or co-brand products for marketing purposes and, in exchange, agree to pay a specified minimum amount to the Foundation. Such revenue is recognized at the time the corporate partnership agreement is executed and amounts are earned.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Certain costs have been allocated on a consistent basis among the programs and supporting services based on either financial or nonfinancial data, such as headcount or estimates of time and effort incurred by personnel.

Donated Materials and Services

Donated materials and services are recorded at their estimated fair values at the time services are pledged or rendered or materials are received. Contributed services are recognized by the Foundation if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Advertising

Advertising costs are expensed when incurred. Advertising expense was \$273,425 and \$141,020 for the years ended December 31, 2023 and 2022, respectively.

SURFRIDER FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Allocation of Joint Costs

The Foundation conducts marketing campaigns that include requests for contributions, as well as program components. The costs of conducting these activities included joint costs totaling \$286,900 for the year ended December 31, 2023. The joint costs for these campaigns were allocated as follows:

Program services	\$ 215,175
Fundraising	<u>71,725</u>
	<u>\$ 286,900</u>

Income Taxes

The Foundation, including its U.S. chapters, is exempt from federal income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and the corresponding California provisions. The Foundation is subject to income taxes for unrelated business income realized in connection with its unrelated business activities. In addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the IRC. Beginning with the year ended December 31, 1999, the Foundation made the Section 501(h) election permitting limited expenditures to influence legislation. The expenditures under Section 501(h) for the years ended December 31, 2023 and 2022 totaled \$250,370 and \$181,488, respectively.

The Foundation recognizes the financial statement benefit of tax positions, such as its filing status as tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Foundation is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California purposes is four years.

Subsequent Events

Management has evaluated subsequent events through November 4, 2024, the date these financial statements were available to be issued.

SURFRIDER FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

NOTE 3 – Liquidity and Availability

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 year-end:	
Cash and cash equivalents	\$ 11,148,829
Investments	4,882,055
Grants and pledges receivable, net	<u>4,019,855</u>
	20,050,739
Less amounts not available to be used within one year due to donor-imposed purpose or time restrictions	
	<u>(9,848,908)</u>
	<u>\$ 10,201,831</u>

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 4 – Grants and Pledges Receivable

At December 31, 2023, grants and pledges receivable are due in amounts as follows:

Amounts due in:	
Less than one year	\$ 2,485,702
One to five years	<u>1,715,000</u>
	4,200,702
Less discount to present value	<u>(180,847)</u>
Grants and pledges receivable, net	<u>\$ 4,019,855</u>

The Foundation applies discount rates to pledges receivable based on both the date the pledge was made and the expected collection term. The discount rates are determined using a risk-adjusted rate of return for each period, approximating the rates of return on government bonds with similar maturities in effect at the time the pledge was made. The Foundation utilized discount rates between 4.88% to 5.17%.

SURFRIDER FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

NOTE 5 – Investments

The following schedule summarizes investments:

	Historical Cost December 31,		Fair Value December 31,	
	2023	2022	2023	2022
Marketable securities	\$ 5,090,326	\$ 4,914,511	\$ 4,882,055	\$ 4,259,786

Total investment gain for the year ended December 31, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Investment income	\$ 123,550	\$ 139,273	\$ 262,823
Net realized and unrealized gain	2,993	475,282	478,275
Total investment gain	\$ 126,543	\$ 614,555	\$ 741,098

Total investment gain for the year ended December 31, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Investment income	\$ 22,554	\$ 102,071	\$ 124,625
Net realized and unrealized gain (loss)	8,211	(734,111)	(725,900)
Total investment gain (loss)	\$ 30,765	\$ (632,040)	\$ (601,275)

SURFRIDER FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

NOTE 6 – Fair Value Measurements

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for the Foundation's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The Foundation groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The three levels of the fair value hierarchy are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

SURFRIDER FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

NOTE 6 – Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation’s investments at fair value as of December 31, 2023 and 2022.

Assets at Fair Value as of December 31, 2023				
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Marketable securities				
Corporate stock	\$ 69,747	\$ 69,747	\$ -	\$ -
Exchange traded funds	2,667,591	2,667,591	-	-
Mutual funds	1,389,876	1,389,876	-	-
U.S. Treasury Notes	754,841	-	754,841	-
Total	\$ 4,882,055	\$ 4,127,214	\$ 754,841	\$ -

Assets at Fair Value as of December 31, 2022				
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Marketable securities				
Corporate stock	\$ 9,884	\$ 9,884	\$ -	\$ -
Exchange traded funds	2,320,328	2,320,328	-	-
Mutual funds	1,180,626	1,180,626	-	-
U.S. Treasury Notes	748,948	-	748,948	-
Total	\$ 4,259,786	\$ 3,510,838	\$ 748,948	\$ -

SURFRIDER FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

NOTE 7 – Property and Equipment

Property and equipment consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 198,411	\$ 217,201
Furniture and fixtures	44,446	44,446
Leasehold improvements	216,675	228,533
	<u>459,532</u>	<u>490,180</u>
Less accumulated depreciation and amortization	<u>(381,920)</u>	<u>(413,562)</u>
	<u>\$ 77,612</u>	<u>\$ 76,618</u>

Depreciation and amortization expense for the years ended December 31, 2023 and 2022 was \$45,694 and \$31,440, respectively

NOTE 8 – Net Assets Released from Restrictions

During the year ended December 31, 2023, \$3,712,410 of net assets with donor-imposed restrictions were released as a result of the satisfaction of donor-imposed restrictions. Included in the amount above was \$30,000 of endowment funds with donor-imposed restrictions that were released to net assets without donor restrictions as a result of the Foundation granting two summer legal internships and two summer environmental internships relating to the Dillon Henry Memorial Scholarship Endowment Fund.

SURFRIDER FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

NOTE 9 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of donor contributions and legal settlements which have placed restrictions on the future use of the assets. Net assets with donor restrictions as of December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Beach Cleanup Programs	\$ 83,585	\$ 95,960
Central California Regional Support Program	27,583	-
Chapter Assistance Program	4,782,995	4,307,817
Clean Water Program	281,901	183,123
Coast and Climate Initiatives	345,573	269,556
Dillon Henry Memorial Internship	184,615	154,564
Florida Regional Support Program	162,663	65,787
Hawaiian Islands Regional Support Program	53,276	7,733
International Support Program	15,340	14,340
Northeast Regional Support Program	46,686	3,750
Ocean Friendly Gardens Program	105,539	28,500
Ocean Friendly Restaurants Program	78,564	160,905
Ocean Protection Program	40,660	50,215
Pacific Northwest Regional Support Program	447,959	88,280
Plastic Pollution Initiative	1,061,180	984,632
Puerto Rico Regional Support Program	28,214	52,654
South East Regional Support Program	45,000	-
Southern California Regional Support Program	215,428	174,760
Student Club Network	60,344	-
Time Restrictions	<u>1,514,153</u>	<u>300,000</u>
Total subject to purpose and time restrictions	<u>9,581,258</u>	<u>6,942,576</u>
 Dillon Henry Memorial Internship Endowment	 <u>267,650</u>	 <u>267,650</u>
 Total net assets with donor restrictions	 <u>\$ 9,848,908</u>	 <u>\$ 7,210,226</u>

SURFRIDER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS FOR 2022)

NOTE 9 – Net Assets with Donor Restrictions (Continued)

Beach Cleanup Programs – The Foundation’s volunteer network conducts beach cleanups throughout the West, East, Gulf, Hawaiian, and Puerto Rican coasts. The Foundation’s National Beach Cleanup program provides a fun and easy way to volunteer and engage with the Foundation’s mission to protect the world’s oceans, waves, and beaches. Volunteers of all ages, community groups, tourists, clubs, local and corporate businesses, and elected officials around the country contribute to the success of this program and are essential to keep beaches and coastlines clean.

Central California Regional Support Program – The Foundation has received funds to help support a Central California Regional Manager. This position will help the Central California Chapter Network better serve their communities and fulfill the Foundation’s mission while also growing regional membership and assisting with local campaign planning.

Chapter Assistance Program – Since July 1998, the Foundation has received various contributions from private foundations. This money is used exclusively in support of the Foundation’s Chapter Assistance Program. This program is to conduct a chapter needs assessment, develop training materials, hold conferences, upgrade existing programs/develop new programs and related materials, and enhance/upgrade websites and other communications to facilitate and support the chapters in their grassroots activist works.

Clean Water Program – Since August 1992, the Foundation has received various contributions. This money is to be used for the purchase of water testing supplies, educational materials to monitor coastal water quality, and related program expenses to educate the public about water quality, water conservation, and energy saving benefits of integrating the supply and disposal of water that is used every day.

Coast and Climate Initiatives – The Foundation has received contributions to protect shorelines. The Foundation proactively addresses threats like coastal development, sea walls and other types of shoreline armoring, and beach dredge and fill projects to ensure the protection of the coasts. The Foundation’s network of volunteers works with community planners to make informed and responsible decisions on coastal development and to address the effects of rising sea levels.

SURFRIDER FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

NOTE 9 – Net Assets with Donor Restrictions (Continued)

Dillon Henry Memorial Internship – Since 2007, the Foundation has received various contributions. The Dillon Henry Memorial Internship was created to honor Dillon’s memory, recognize his commitment to the oceans and coastal environment, and help young people to pursue a career in coastal and marine conservation. This fund contains both a perpetually restricted endowment component as well as accumulated earnings subject to the Foundation’s spending policy. (See Note 10.)

Florida Regional Support Program – The Foundation has received funds to help support a Florida Regional Manager. This position will help the Florida Chapter Network better serve their communities and fulfill the Foundation’s mission while also growing regional membership and assisting with local campaign planning.

Hawaiian Islands Regional Support Program – The Foundation has received funds to help support the hiring of a Hawaiian Islands Regional Manager. This position will help the Hawaiian Chapter Network better serve their communities and fulfill the Foundation’s mission while also growing regional membership and assisting with local campaign planning.

International Support Program – The Foundation has received support for a conference between the Foundation and its affiliated international organizations for discussion of the overall mission and priorities, sharing ideas and materials, and collaboration on global initiatives.

Northeast Regional Support Program – The Foundation has received funds to help support its programs and chapters in the Northeast region of the United States of America. This program helps the chapter network better serve their communities and fulfill the Foundation’s mission while also building local environmental campaigns.

Ocean Friendly Gardens Program – The Foundation’s Ocean Friendly Gardens Program creates runoff reducing, ocean friendly gardens. The Foundation is partnering with water agencies and others to launch this education and outreach effort to help bring back healthy coasts and oceans through “CPR”- Conservation, Permeability, and Retention.

SURFRIDER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS FOR 2022)

NOTE 9 – Net Assets with Donor Restrictions (Continued)

Ocean Friendly Restaurants Program – The Foundation’s Ocean Friendly Restaurants Program increases awareness, drives change in behavior, and ultimately creates scalable impact to reduce the population’s plastic and water footprint. The Ocean Friendly Restaurants Program offers restaurants an easy way to show their commitment to making sustainable choices for the ocean. Restaurants participating must follow the first four criteria: 1. No expanded polystyrene use (aka Styrofoam); 2. Proper recycling practices are followed; 3. Only reusable tableware is used for onsite dining, and disposable utensils for takeout food are provided only upon request; 4. No plastic bags offered for takeout or to-go orders; and choose a minimum of three additional criteria: 5. Plastic straws are provided only upon request; 6. No beverages sold in plastic bottles; 7. Discount is offered for customers with reusable cup, mug, bag, etc.; 8. Vegetarian/vegan food options are offered on a regular basis, and/or all seafood must be a ‘Best Choice’ or ‘Good Alternative’ as defined by Seafood Watch or certified as sustainable; 9. Water conservation efforts, such as low-flow faucets and toilets, are implemented; 10. Energy efficiency efforts, such as LED lighting and Energy Star appliances, are in place.

Ocean Protection Program – The Foundation’s Ocean Protection Program includes grassroots campaigns to establish and support Marine Protected Areas (MPAs), oppose new offshore oil drilling and seismic testing, participate in regional ocean planning, and ensure renewable ocean energy does not damage the ocean.

Pacific Northwest Regional Support Program – Since September 2001, the Foundation has received various contributions for Pacific Northwest Regional Support. Employees coordinate the efforts of chapters in the region, grow regional membership, assist local campaign planning, attend administrative hearings, and facilitate the needs of chapters.

Plastic Pollution Initiative – Plastic Pollution Initiative is designed to reduce the impact of plastics in the marine environment by raising awareness about the dangers of plastic pollution by advocating for a reduction of single-use plastics and the recycling of all plastics. Approximately 100 of the Foundation’s chapters and clubs participate in their communities with plastic pollution initiatives to address this exceedingly prevalent form of pollution.

SURFRIDER FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

NOTE 9 – Net Assets with Donor Restrictions (Continued)

Puerto Rico Regional Support Program – The Foundation has received funds to support the hiring of a Puerto Rico Regional Manager. This position will help support the work of chapter volunteers and the community of Puerto Rico. The funding will support their work on establishing and increasing MPAs in Puerto Rico in order to sustain the ocean’s role in social, economic, and environmental welfare of the region.

South East Regional Support Program – The Foundation has received funds to help support a South East Regional Manager. This position will help the South East Chapter Network better serve their communities and fulfill the Foundation’s mission while also growing regional membership and assisting with local campaign planning.

Southern California Regional Support Program – Since November 2001, the Foundation has received various grants to provide support for the Southern California Region. Employees coordinate the efforts of chapters within the region, grow regional membership, assist with local campaign planning, attend administrative hearings, and facilitate the needs of chapters.

Student Club Network – The Foundation launched the network in 2008 in response to overwhelming interest across the country from young people that wished to become more involved in the Foundation’s activities on their campuses and communities. The program has grown to a wide range of activities including organizing school clubs and initiatives based on project-based learning. These activities range from beach cleanups to eliminating single use plastics on-campus to greening campuses.

NOTE 10 – Net Assets with Donor Restrictions in Perpetuity

Net assets with donor restrictions in perpetuity consist of donor contributions, which have been restricted by the donor to be maintained by the Foundation in perpetuity. Net assets with donor restrictions in perpetuity consisted of the Dillon Henry Memorial Internship Fund totaling \$267,650 as of both December 31, 2023 and 2022.

SURFRIDER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS FOR 2022)

NOTE 10 – Net Assets with Donor Restrictions in Perpetuity (Continued)

The Dillon Henry Memorial Internship Fund (the Fund), created in 2007 by Dillon's parents, Harriet Zaretsky and Stephen Henry, was created to honor his memory, recognize his commitment to the oceans and coastal environment, and help young people to pursue a career in coastal and marine conservation. The Fund provides funding for the Foundation to hire and train the best and brightest interns each year. Earnings from the Fund are used to provide stipends for four qualified internships to work with the Foundation's environmental and/or legal department. Interns are required to work a minimum of 12 weeks and must attend an informal meeting with the Fund's donors. The Fund provides a unique opportunity for emerging leaders in the environmental field to train with the leading grassroots environmental nonprofit organizations focused on the protection of the world's oceans, waves, and beaches.

NOTE 11 – Endowment Funds

The Board of Directors of the Foundation has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is classified as net assets with donor restrictions for time until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

SURFRIDER FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

NOTE 11 – Endowment Funds (Continued)

Return Objectives and Risk Parameters

The Foundation’s Investment Working Group provides recommendations to the Board of Directors as to the investment and reinvestment of the assets of the Fund. The Board of Directors votes to ratify the recommendations of the Investment Working Group. The primary investment objective of these accounts is capital preservation.

Endowment net asset composition by type of fund as of December 31, 2023 is as follows:

	With Donor Restrictions Subject to Spending Policy	With Donor Restrictions Perpetual	Total
	<u> </u>	<u> </u>	<u> </u>
Original donor-restricted gift amount	\$ -	\$ 267,650	\$ 267,650
Accumulated investment gains	<u>184,615</u>	<u>-</u>	<u>184,615</u>
Endowment assets, end of year	<u>\$ 184,615</u>	<u>\$ 267,650</u>	<u>\$ 452,265</u>

SURFRIDER FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

NOTE 11 – Endowment Funds (Continued)

	With Donor Restrictions Subject to Spending Policy	With Donor Restrictions Perpetual	Total
	<u>Policy</u>	<u>Perpetual</u>	<u>Total</u>
Endowment net assets, beginning of year:			
Original donor-restricted amount	\$ -	\$ 267,650	\$ 267,650
Accumulated investment gains	154,564	-	154,564
Investment return:			
Investment income	15,263	-	15,263
Net realized and unrealized gain	44,788	-	44,788
Contributions	-	-	-
Appropriation of endowment assets for expenditure	<u>(30,000)</u>	<u>-</u>	<u>(30,000)</u>
Endowment net assets, end of year	<u>\$ 184,615</u>	<u>\$ 267,650</u>	<u>\$ 452,265</u>

Endowment net asset composition by type of fund as of December 31, 2022 is as follows:

	With Donor Restrictions Subject to Spending Policy	With Donor Restrictions Perpetual	Total
	<u>Policy</u>	<u>Perpetual</u>	<u>Total</u>
Original donor-restricted gift amount	\$ -	\$ 267,650	\$ 267,650
Accumulated investment gains	<u>154,564</u>	<u>-</u>	<u>154,564</u>
Endowment assets, end of year	<u>\$ 154,564</u>	<u>\$ 267,650</u>	<u>\$ 422,214</u>

SURFRIDER FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

NOTE 11 – Endowment Funds (Continued)

	With Donor Restrictions Subject to Spending Policy	With Donor Restrictions Perpetual	Total
	<u> </u>	<u> </u>	<u> </u>
Endowment net assets, beginning of year:			
Original donor-restricted amount	\$ -	\$ 267,650	\$ 267,650
Accumulated investment gains	256,811	-	256,811
Investment return:			
Investment income	12,072	-	12,072
Net realized and unrealized loss	(91,819)	-	(91,819)
Contributions	-	-	-
Appropriation of endowment assets for expenditure	<u>(22,500)</u>	<u>-</u>	<u>(22,500)</u>
Endowment net assets, end of year	<u>\$ 154,564</u>	<u>\$ 267,650</u>	<u>\$ 422,214</u>

NOTE 12 – Leasing Arrangements

The Foundation leases office space in San Clemente under an operating lease with a seven-year initial term. The lease includes a renewal option which can extend the lease term an additional five years. The exercise of the renewal option is at the sole discretion of the Foundation, and only lease options that the Foundation believes are reasonably certain to exercise are included in the measurement of the lease asset and liability.

Variable payments that are not determinable at the lease commencement are not included in the measurement of the lease asset and liability. The lease agreement does not include any material residual value guarantees or restrictive covenants.

SURFRIDER FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

NOTE 12 – Leasing Arrangements (Continued)

The following summarizes the line items in the statement of financial position, which include amounts for operating leases as of December 31, 2023:

Operating lease right-of-use asset	\$ <u>627,130</u>
Operating lease liability	\$ <u>692,357</u>

The components of operating lease expenses that are included in “rent” in the statement of functional expenses were as follows for the year ended December 31, 2023:

Operating lease costs	\$ 155,225
Variable lease costs	<u>76,573</u>
	\$ <u>231,798</u>

The following summarizes the cash flow information related to leases for the year ended December 31, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ <u>158,305</u>

The weighted-average remaining lease term and discount rate as of December 31, 2023 were as follows:

Weighted-average remaining lease term - operating leases	4.17 years
Weighted-average discount rate - operating leases	1.35%

SURFRIDER FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 12 – Leasing Arrangements (Continued)

The maturities of operating lease liabilities as of December 31, 2023 are as follows:

<u>Year Ending December 31,</u>	<u>Operating Lease</u>
2024	\$ 163,054
2025	167,946
2026	172,984
2027	178,174
2028	29,840
Thereafter	<u>-</u>
Total minimum lease payments	711,998
Less amount representing interest	<u>(19,641)</u>
Present value of minimum lease payments	<u>\$ 692,357</u>

SURFRIDER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 13 – Donated Materials and Services

During the year ended December 31, 2023, donated materials and services consisted of the following:

		<u>Valuation Techniques and Inputs</u>
Materials	\$ 32,500	Wholesale values that would be received for selling similar products
Advertising services	65,794	Hours or value are reported by the volunteer advertisers based on timesheets or length of airtime; the rate used to value the hours is based on the blended average rate of reported hourly rates and the airtime value is estimated at the advertiser's fair market value for those services
Legal services	<u>90,859</u>	Hours or value are reported by the volunteer attorneys based on timesheets; the rate used to value the hours is based on the blended average rate of reported hourly rates
	<u>\$ 189,153</u>	

All donated materials and services were utilized by the Foundation for program purposes. There were no donor-imposed restrictions associated with in-kind contributions.

NOTE 14 – Contingencies

Legal Matters

From time to time, the Foundation is involved in certain legal proceedings and claims, which arise in the normal course of business. Management does not believe that the outcome of these matters will have a material effect on the Foundation's statements of financial position or activities.

SURFRIDER FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR 2022)

NOTE 15 – 401(k) Plan

Effective January 1, 1998, the Foundation adopted a 401(k) deferred compensation plan for its employees. All full-time employees, 21 years of age and older, are eligible to participate in the plan immediately upon hire. The Foundation adopted a 401(k) matching program effective January 2005. The Foundation matched 50% on the first 4% of the employee's salary in the years ended December 31, 2023 and 2022. The Foundation's contribution expense was \$103,027 and \$79,148 for the years ended December 31, 2023 and 2022, respectively.

SUPPLEMENTARY INFORMATION

SURFRIDER FOUNDATION

**SCHEDULE OF UNRESTRICTED REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023**

SUPPORT AND REVENUE WITHOUT DONOR-IMPOSED RESTRICTIONS:

Grants and contributions		\$ 4,935,929
Contributed materials and services		189,153
Membership		1,445,753
Merchandise sales, net of cost of goods sold		272,772
Corporate partnership revenue		1,349,688
Investment gain		126,543
Special events, net of direct costs		73,441
Other income		183,552
Net assets released from restrictions		
Satisfaction of Beach Cleanup Programs	102,930	
Satisfaction of Central California Regional Support Program	2,417	
Satisfaction of Chapter Assistance Program	811,881	
Satisfaction of Clean Water Program	234,749	
Satisfaction of Coast and Climate Initiatives	285,983	
Appropriation of Dillon Henry Memorial Internship accumulated earnings	30,000	
Satisfaction of Florida Regional Support Program	150,278	
Satisfaction of Hawaiian Islands Regional Support Program	12,456	
Satisfaction of International Support Program	3,000	
Satisfaction of Northeast Regional Support Program	54,562	
Satisfaction of Ocean Friendly Gardens Program	84,510	
Satisfaction of Ocean Friendly Restaurants Program	179,606	
Satisfaction of Ocean Protection Program	51,055	
Satisfaction of Pacific Northwest Regional Support Program	172,578	
Satisfaction of Plastic Pollution Initiative	1,146,752	
Satisfaction of Puerto Rico Regional Support Program	1,333	
Satisfaction of Southern California Regional Support Program	224,133	
Satisfaction of Student Clubs Chapter Network	14,187	
Satisfaction of Time Restrictions	150,000	
TOTAL NET ASSETS RELEASED FROM DONOR-IMPOSED RESTRICTIONS		3,712,410
TOTAL SUPPORT AND REVENUE WITHOUT DONOR-IMPOSED RESTRICTIONS		\$ 12,289,241

See Independent Auditors' Report

SURFRIDER FOUNDATION

**DETAILED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023**

	<u>Surfrider Foundation Headquarters</u>	<u>Foundation Chapters</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
ASSETS				
Cash and cash equivalents	\$ 7,896,313	\$ 3,252,516	\$ -	\$ 11,148,829
Investments	4,882,055	270,760	(270,760)	4,882,055
Grants and pledges receivable, net	4,586,485	501,221	(1,067,851)	4,019,855
Inventory	182,747	-	-	182,747
Prepaid expenses	337,596	-	-	337,596
Property and equipment, net	77,612	-	-	77,612
Operating lease right-of-use asset	<u>627,130</u>	<u>-</u>	<u>-</u>	<u>627,130</u>
TOTAL ASSETS	<u>\$ 18,589,938</u>	<u>\$ 4,024,497</u>	<u>\$ (1,338,611)</u>	<u>\$ 21,275,824</u>
 LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 828,906	\$ 161,159	\$ (932,871)	\$ 57,194
Payroll-related liabilities	678,098	405,470	(405,740)	677,828
Operating lease liability	<u>692,357</u>	<u>-</u>	<u>-</u>	<u>692,357</u>
TOTAL LIABILITIES	<u>2,199,361</u>	<u>566,629</u>	<u>(1,338,611)</u>	<u>1,427,379</u>
 NET ASSETS				
Without donor restrictions	6,541,669	3,457,868	-	9,999,537
With donor restrictions	<u>9,848,908</u>	<u>-</u>	<u>-</u>	<u>9,848,908</u>
TOTAL NET ASSETS	<u>16,390,577</u>	<u>3,457,868</u>	<u>-</u>	<u>19,848,445</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,589,938</u>	<u>\$ 4,024,497</u>	<u>\$ (1,338,611)</u>	<u>\$ 21,275,824</u>

See Independent Auditors' Report

SURFRIDER FOUNDATION

DETAILED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Surfrider Foundation Headquarters</u>	<u>Foundation Chapters</u>	<u>Eliminations</u>	<u>Total</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS				
SUPPORT AND REVENUE				
Grants and contributions	\$ 4,103,095	\$ 1,618,598	\$ (785,764)	\$ 4,935,929
Corporate partnership revenue	1,349,688	-	-	1,349,688
Membership	1,450,943	-	(5,190)	1,445,753
Contributed materials and services	189,153	-	-	189,153
Merchandise sales, net of cost of goods sold	259,754	21,265	(8,247)	272,772
Investment gain	113,769	12,774	-	126,543
Special events, net of direct costs	49,000	24,441	-	73,441
Other income	183,552	-	-	183,552
Net assets released from donor-imposed restrictions	<u>3,712,410</u>	<u>-</u>	<u>-</u>	<u>3,712,410</u>
TOTAL SUPPORT AND REVENUE	<u>11,411,364</u>	<u>1,677,078</u>	<u>(799,201)</u>	<u>12,289,241</u>
EXPENSES				
Environmental programs	10,676,523	1,366,121	(799,201)	11,243,443
General and administrative	826,122	162,955	-	989,077
Fundraising	<u>1,338,743</u>	<u>78,046</u>	<u>-</u>	<u>1,416,789</u>
TOTAL EXPENSES	<u>12,841,388</u>	<u>1,607,122</u>	<u>(799,201)</u>	<u>13,649,309</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(1,430,024)</u>	<u>69,956</u>	<u>-</u>	<u>(1,360,068)</u>
NET ASSETS WITH DONOR RESTRICTIONS				
SUPPORT AND REVENUE:				
Contributions	5,332,221	-	-	5,332,221
Corporate partnership	404,316	-	-	404,316
Investment gain	614,555	-	-	614,555
Net assets released from donor-imposed restrictions	<u>(3,712,410)</u>	<u>-</u>	<u>-</u>	<u>(3,712,410)</u>
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>2,638,682</u>	<u>-</u>	<u>-</u>	<u>2,638,682</u>
INCREASE IN NET ASSETS	1,208,658	69,956	-	1,278,614
NET ASSETS AT BEGINNING OF YEAR	<u>15,181,919</u>	<u>3,387,912</u>	<u>-</u>	<u>18,569,831</u>
NET ASSETS AT END OF YEAR	<u>\$ 16,390,577</u>	<u>\$ 3,457,868</u>	<u>\$ -</u>	<u>\$ 19,848,445</u>

See Independent Auditors' Report