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## **Financial Statements**

**December 31, 2022**  
**(with Comparative Totals for 2021)**

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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, 2022, 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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our 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.

### Emphasis of Matter

As discussed in Note 1, beginning January 1, 2022, the Foundation adopted Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842) and its related amendments using the modified-retrospective transition method. Our opinion is not modified with respect to this matter.

### 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 30-32 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 2021 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 29, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Irvine, California  
October 11, 2023

**SURFRIDER FOUNDATION**

**STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**ASSETS**

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 12,819,706	\$ 12,882,992
Investments	4,259,786	4,246,816
Accounts and grants receivable	1,816,517	1,109,363
Inventory	209,058	122,479
Prepaid expenses	212,323	149,200
Property and equipment, net	76,618	54,101
Operating lease right-of-use asset	772,097	-
<b>TOTAL ASSETS</b>	<b><u>\$ 20,166,105</u></b>	<b><u>\$ 18,564,951</u></b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 161,482	\$ 268,368
Payroll-related liabilities	594,388	509,951
Operating lease liability	840,404	-
Total Liabilities	<u>1,596,274</u>	<u>778,319</u>

**COMMITMENTS AND CONTINGENCIES (Note 14)**

<b>NET ASSETS</b>		
Without donor restrictions	11,359,605	10,039,854
With donor restrictions	7,210,226	7,746,778
Total Net Assets	<u>18,569,831</u>	<u>17,786,632</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 20,166,105</u></b>	<b><u>\$ 18,564,951</u></b>

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

**SURFRIDER FOUNDATION**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2022</u>	<u>2021</u>
<b>SUPPORT AND REVENUE:</b>				
Grants and contributions	\$ 4,554,332	\$ 3,300,569	\$ 7,854,901	\$ 8,970,710
Corporate partnership	1,998,429	322,242	2,320,671	2,593,282
Membership	1,703,952	-	1,703,952	1,662,495
Contributed materials and services	820,656	-	820,656	367,704
Merchandise sales, net of cost of goods sold of \$380,603 and \$280,317 for 2022 and 2021, respectively	306,028	-	306,028	348,224
Investment (loss) gain	30,765	(632,040)	(601,275)	119,158
Special events, net of direct costs of \$614,713 and \$504,809 for 2022 and 2021, respectively	29,998	-	29,998	(245,955)
Net assets released from restrictions	<u>3,527,323</u>	<u>(3,527,323)</u>	<u>-</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>12,971,483</u>	<u>(536,552)</u>	<u>12,434,931</u>	<u>13,815,618</u>
<b>EXPENSES:</b>				
Environmental programs	9,551,009	-	9,551,009	7,907,330
General and administrative	951,300	-	951,300	701,962
Fundraising	<u>1,149,423</u>	<u>-</u>	<u>1,149,423</u>	<u>645,920</u>
<b>TOTAL EXPENSES</b>	<u>11,651,732</u>	<u>-</u>	<u>11,651,732</u>	<u>9,255,212</u>
<b>CHANGE IN NET ASSETS</b>	1,319,751	(536,552)	783,199	4,560,406
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>10,039,854</u>	<u>7,746,778</u>	<u>17,786,632</u>	<u>13,226,226</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 11,359,605</u>	<u>\$ 7,210,226</u>	<u>\$ 18,569,831</u>	<u>\$ 17,786,632</u>

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

**SURFRIDER FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

	<u>Environmental</u>	<u>General and</u>		<u>Total</u>	
	<u>Programs</u>	<u>Administrative</u>		<u>Fundraising</u>	<u>2022</u>
Salaries and wages	\$ 4,440,765	\$ 226,429	\$ 456,932	\$ 5,124,126	\$ 4,289,133
Payroll taxes	305,848	13,940	27,659	347,447	254,983
Employee benefits	449,834	11,193	40,731	501,758	434,595
Total payroll	5,196,447	251,562	525,322	5,973,331	4,978,711
Advertising	117,343	-	23,677	141,020	110,724
Consultation	1,630,900	159,560	370,470	2,160,930	1,706,832
Grants	30,866	-	10,352	41,218	151,651
Insurance	-	48,327	-	48,327	52,003
Licenses, fees, and other	57,636	150,858	616	209,110	114,829
Lobbying	181,488	-	-	181,488	177,087
Membership	184,059	-	58,660	242,719	274,456
Office and supplies	343,905	66,995	3,694	414,594	354,351
Postage and delivery	67,753	10,873	2,362	80,988	70,094
Printing	41,179	2,019	9,022	52,220	42,108
Professional services	576,068	207	21,220	597,495	338,044
Promotions	268,802	2,287	41,486	312,575	191,332
Rent	300,534	51,137	17,607	369,278	329,444
Staff training, meetings, and seminars	112,700	71,107	22,562	206,369	80,805
Telephone and utilities	94,944	7,326	9,452	111,722	112,422
Travel	317,830	128,395	30,683	476,908	142,272
Depreciation and amortization	28,555	647	2,238	31,440	28,047
Total Expenses	<u>\$ 9,551,009</u>	<u>\$ 951,300</u>	<u>\$ 1,149,423</u>	<u>\$ 11,651,732</u>	<u>\$ 9,255,212</u>

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



**SURFRIDER FOUNDATION**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

	<b>For the Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 783,199	\$ 4,560,406
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	31,440	28,047
Contributions of investments	-	(507,254)
Realized (gain) loss on investments	93,193	(188,480)
Unrealized loss on investments	632,707	137,978
Loss on disposition of fixed assets	-	2,418
Changes in operating assets and liabilities:		
Accounts and grants receivable	(707,154)	565,992
Inventory	(86,579)	(47,265)
Prepaid expenses	(63,123)	(63,651)
Operating lease asset and liability	68,307	-
Accounts payable and accrued liabilities	(106,886)	186,422
Payroll-related liabilities	84,437	65,697
Net Cash Provided By Operating Activities	729,541	4,740,310
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(1,766,361)	(3,637,359)
Proceeds from sale of investments	1,027,491	476,165
Purchase of property and equipment	(53,957)	(39,489)
Net Cash Used In Investing Activities	(792,827)	(3,200,683)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(63,286)	1,539,627
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	12,882,992	11,343,365
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 12,819,706	\$ 12,882,992

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

# **SURFRIDER FOUNDATION**

## **NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS FOR 2021)**

### **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 has over 250,000 supporters, activists, and members and over 200 chapters and clubs, nationally, and 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 issue 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, water quality, beach access, coastal preservation, 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 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, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

#### 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: with donor restrictions and without 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 accounting principles generally accepted in the United States of America, 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.

##### *Reclassifications*

Certain amounts in 2021 have been reclassified to conform with the 2022 financial statement presentation.

## SURFRIDER FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

#### NOTE 2 – Summary of Significant Accounting Policies (Continued)

##### *Recently Adopted Accounting Standards*

Effective January 1, 2022, the Foundation adopted Accounting Standards Update (ASU) 2016-02 *Leases* (Topic 842) (ASU 2016-02), which modifies lease accounting for lessees to increase transparency and comparability by requiring the Foundation to recognize a lease liability and related right-of-use assets for all leases (with the exception of short-term leases) at the commencement date of the lease and to disclose key information about leasing arrangements. 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 adopted ASU 2016-02 utilizing the modified-retrospective transition method through a cumulative-effect adjustment. The adoption of ASU 2016-02 as of January 1, 2022 resulted in the recognition of right-of-use assets of \$915,122, net of December 31, 2022 deferred rent of \$41,785, and operating lease liabilities of \$956,907. The adoption of ASU 2016-02 did not have a material impact on the Foundation's results of operations or cash flows.

Effective January 1, 2022, the Foundation adopted ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. Additionally, the standard requires a not-for-profit to disclose a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of nonfinancial assets and additional information related to the monetization, utilization, and valuation of the contributed nonfinancial assets. The Foundation included any necessary presentation changes and disclosures herein.

##### *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.

## **SURFRIDER FOUNDATION**

### **NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS FOR 2021)**

#### **NOTE 2 – Summary of Significant Accounting Policies (Continued)**

##### ***Cash and Cash Equivalents and Credit Risk Concentration (Continued)***

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.

##### ***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 income (loss) reported for that fiscal year. Investment income (loss) includes interest earnings, changes in fair value, and any gains or losses realized upon liquidation, maturity, or sale of investments.

##### ***Inventory***

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

##### ***Property and Equipment***

Property and equipment is 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.

**SURFRIDER FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***Lease Arrangements (Continued)***

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, 2022 and 2021, there were no conditional contributions.

Membership dues generally range from \$25 to \$500 per member for annual membership. 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 the licensing agreement. 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.

**SURFRIDER FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

*Functional Allocation of Expenses*

The costs of providing the 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 posing those skills, and would typically need to be purchased if not provided by donation.

*Advertising*

Advertising costs are expensed when incurred. Advertising expense was \$141,020 and \$110,724 for the years ended December 31, 2022 and 2021, respectively.

*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 \$91,677 for the year ended December 31, 2022. The joint costs for these campaigns were allocated as follows:

Program services	\$ 68,758
Fundraising	<u>22,919</u>
	<u>\$ 91,677</u>

**SURFRIDER FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

***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, 2022 and 2021 totaled \$181,488 and \$177,087, 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 October 11, 2023, the date these financial statements were available to be issued.



**SURFRIDER FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**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	\$ 12,819,706
Investments	4,259,786
Accounts and grants receivable	<u>1,816,517</u>
	18,896,009
Less amounts not available to be used within one year due to donor-imposed purpose or time restrictions	<u>(7,210,226)</u>
	<u>\$ 11,685,783</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 – Accounts and Grants Receivable**

At December 31, 2022, accounts and grants receivable is due in amounts as follows:

Amounts due in:	
Less than one year	\$ 1,516,517
One to five years	<u>300,000</u>
	<u>\$ 1,816,517</u>

A discount on accounts and grants receivable that are not expected to be collected after one year has not been included as the amount is not deemed material.

**SURFRIDER FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**NOTE 5 – Investments**

The following schedule summarizes investments:

	<b>Historical Cost</b>		<b>Fair Value</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Marketable securities	<u>\$ 4,914,511</u>	<u>\$ 4,282,190</u>	<u>\$ 4,259,786</u>	<u>\$ 4,246,816</u>

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

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

Total investment gain for the year ended December 31, 2021 is as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Investment income	\$ 700	\$ 67,956	\$ 68,656
Net realized and unrealized gain	<u>6,671</u>	<u>43,831</u>	<u>50,502</u>
Total investment gain	<u>\$ 7,371</u>	<u>\$ 111,787</u>	<u>\$ 119,158</u>

**SURFRIDER FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**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.

The following table sets forth by level, within the fair value hierarchy, the Foundation’s investments at fair value as of December 31, 2022 and 2021:

	<u>Fair Value</u>	<u>Assets at Fair Value as of December 31, 2022</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Marketable securities				
Corporate stock	\$ 25,309	\$ 25,309	\$ -	\$ -
Exchange traded funds	<u>4,234,477</u>	<u>4,234,477</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,259,786</u>	<u>\$ 4,259,786</u>	<u>\$ -</u>	<u>\$ -</u>

**SURFRIDER FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**NOTE 6 – Fair Value Measurements (Continued)**

	<u>Fair Value</u>	<u>Assets at Fair Value as of December 31, 2021</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Marketable securities				
Corporate stock	\$ 66,836	\$ 66,836	\$ -	\$ -
Exchange traded funds	<u>4,179,980</u>	<u>4,179,980</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,246,816</u>	<u>\$ 4,246,816</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 7 – Property and Equipment**

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

	<u>2022</u>	<u>2021</u>
Equipment	\$ 217,201	\$ 174,961
Furniture and fixtures	44,446	44,446
Leasehold improvements	<u>228,533</u>	<u>228,533</u>
	490,180	447,940
Less accumulated depreciation and amortization	<u>(413,562)</u>	<u>(393,839)</u>
	<u>\$ 76,618</u>	<u>\$ 54,101</u>

**NOTE 8 – Net Assets Released from Restrictions**

During the year ended December 31, 2022, \$3,527,323 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 \$22,500 of endowment funds with donor-imposed restrictions that were released to net assets without donor restrictions as a result of the Foundation granting one summer legal internship and two summer environmental internships relating to the Dillon Henry Memorial Scholarship Endowment Fund.

**SURFRIDER FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**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, 2022 and 2021 consisted of the following:

	<b>2022</b>	<b>2021</b>
Beach Cleanup Programs	\$ 95,960	\$ 107,306
Chapter Assistance Program	4,307,817	4,881,392
Clean Water Program	183,123	190,541
Coastal Preservation Program	269,556	25,000
Dillon Henry Memorial Internship	154,564	256,811
Florida Regional Support Program	65,787	76,204
Hawaiian Islands Regional Support Program	7,733	19,697
International Support Program	14,340	14,341
Northeast Regional Support Program	3,750	6,250
Ocean Friendly Gardens Program	28,500	2,000
Ocean Friendly Restaurants Program	160,905	211,907
Ocean Protection Program	50,215	291,660
Pacific Northwest Regional Support Program	88,280	107,963
Plastic Pollution Program	984,632	754,014
Puerto Rico Regional Support Program	52,654	160,567
Southern California Regional Support Program	174,760	125,751
Time restrictions	300,000	247,724
Total subject to purpose and time restrictions	6,942,576	7,479,128
 Dillon Henry Memorial Internship Endowment	 267,650	 267,650
 Total net assets with donor restrictions	 \$ 7,210,226	 \$ 7,746,778

**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.

## SURFRIDER FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

#### NOTE 9 – Net Assets with Donor Restrictions (Continued)

**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.

**Coastal Preservation Program** – 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.

**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.

## SURFRIDER FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS FOR 2021)

#### NOTE 9 – Net Assets with Donor Restrictions (Continued)

**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, the sharing of 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.

**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.

## **SURFRIDER FOUNDATION**

### **NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS FOR 2021)**

#### **NOTE 9 – Net Assets with Donor Restrictions (Continued)**

**Pacific Northwest Regional Support Program** – Since September 2001, the Foundation has received various contributions for Pacific Northwest Regional Support. The 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.

**Plastic Pollution Program** – Plastic Pollution Program 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 programs to address this exceedingly prevalent form of pollution.

**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.

**Southern California Regional Support Program** – Since November 2001, the Foundation has received various grants to provide support for the Southern California Region. The 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.

#### **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 December 31, 2022 and 2021.



## **SURFRIDER FOUNDATION**

### **NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS FOR 2021)**

#### **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, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**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, 2022:

	<b>With Donor Restrictions Subject to Spending Policy</b>	<b>With Donor Restrictions Perpetual</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>	<u>                    </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>
	<b>With Donor Restrictions Subject to Spending Policy</b>	<b>With Donor Restrictions Perpetual</b>	<b>Total</b>
	<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>

**SURFRIDER FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**NOTE 11 – Endowment Funds (Continued)**

Endowment net asset composition by type of fund as of December 31, 2021:

	<b>With Donor Restrictions Subject to Spending Policy</b>	<b>With Donor Restrictions Perpetual</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Original donor-restricted gift amount	\$ -	\$ 267,650	\$ 267,650
Accumulated investment gains	<u>256,811</u>	<u>-</u>	<u>256,811</u>
Endowment assets, end of year	<u>\$ 256,811</u>	<u>\$ 267,650</u>	<u>\$ 524,461</u>
	<b>With Donor Restrictions Subject to Spending Policy</b>	<b>With Donor Restrictions Perpetual</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Endowment net assets, beginning of year:			
Original donor-restricted amount	\$ -	\$ 267,650	\$ 267,650
Accumulated investment gains	224,538	-	224,538
Investment return:			
Investment income	16,370	-	16,370
Net realized and unrealized gain	32,153	-	32,153
Contributions	10,000	-	10,000
Appropriation of endowment assets for expenditure	<u>(26,250)</u>	<u>-</u>	<u>(26,250)</u>
Endowment net assets, end of year	<u>\$ 256,811</u>	<u>\$ 267,650</u>	<u>\$ 524,461</u>

**SURFRIDER FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**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.

The following summarizes the line items in the statement of financial position, which include amounts for operating leases as of December 31, 2022

Operating lease right-of-use asset	<u>\$ 772,097</u>
Operating lease liability	<u>\$ 840,404</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, 2022:

Operating lease costs	\$ 155,225
Variable lease costs	<u>62,890</u>
	<u>\$ 218,115</u>

**SURFRIDER FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**NOTE 12 – Leasing Arrangements (Continued)**

The following summarizes the cash flow information related to leases for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	<u>\$ 128,703</u>
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Noncash investing and financing activity:

Right-of-use assets recorded upon adoption	\$ 915,122
Pre-adoption deferred rent liability implicitly recognized in right-of-use assets upon adoption	<u>41,785</u>

Operating lease liabilities recorded upon adoption	<u>\$ 956,907</u>
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The weighted-average lease term and discount rate as of December 31, 2022 were as follows:

Weighted-average remaining lease term - operating leases	5.17 years
Weighted-average discount rate - operating leases	1.35%

The maturities of operating lease liabilities as of December 31, 2022 are as follows:

<b>Year Ending December 31,</b>	<b>Operating Lease</b>
2023	\$ 158,305
2024	163,054
2025	167,946
2026	172,984
2027	178,174
Thereafter	<u>29,840</u>
Total minimum lease payments	870,303
Less amount representing interest	<u>(29,899)</u>
Present value of minimum lease payments	<u>\$ 840,404</u>

**SURFRIDER FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**NOTE 13 – Donated Materials and Services**

During the year ended December 31, 2022, donated materials and services consisted of the following:

		<u>Valuation Techniques and Inputs</u>
Materials	\$ 33,375	Wholesale values that would be received for selling similar products
Advertising services	74,135	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
Consulting services	363,180	Hours or value are reported by the volunteer consultants based on timesheets; the rate used to value the hours is based on the blended average rate of reported hourly rates
Legal services	<u>349,966</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>\$ 820,656</u>	

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

**NOTE 14 – Commitments and 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, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)**

**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, 2022 and 2021. The Foundation's contribution expense was \$79,148 and \$67,840 for the years ended December 31, 2022 and 2021, respectively.

**SUPPLEMENTARY INFORMATION**



**SURFRIDER FOUNDATION**

**SCHEDULE OF UNRESTRICTED REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**SUPPORT AND REVENUE WITHOUT DONOR-IMPOSED RESTRICTIONS:**

Grants and contributions		\$ 4,554,332
Contributed materials and services		820,656
Membership		1,703,952
Merchandise sales, net of cost of goods sold		306,028
Corporate partnership revenue		1,998,429
Investment gain		30,765
Special events, net of direct costs		29,998
Net assets released from restrictions		
Satisfaction of Beach Cleanup Programs	151,346	
Satisfaction of Chapter Assistance Program	739,318	
Satisfaction of Clean Water Program	215,443	
Satisfaction of Coastal Preservation Program	108,444	
Appropriation of Dillon Henry Memorial Internship accumulated earnings	22,500	
Satisfaction of Florida Regional Support Program	35,417	
Satisfaction of Hawaiian Islands Regional Support Program	11,964	
Satisfaction of International Support Program	-	
Satisfaction of Northeast Regional Support Program	25,000	
Satisfaction of Ocean Friendly Gardens Program	90,513	
Satisfaction of Ocean Friendly Restaurants Program	281,001	
Satisfaction of Ocean Protection Program	254,501	
Satisfaction of Pacific Northwest Regional Support Program	129,686	
Satisfaction of Plastic Pollution Program	844,882	
Satisfaction of Puerto Rico Regional Support Program	107,912	
Satisfaction of Southern California Regional Support Program	261,672	
Satisfaction of Time Restrictions	<u>247,724</u>	
<b>TOTAL NET ASSETS RELEASED FROM DONOR-IMPOSED RESTRICTIONS</b>		<u>3,527,323</u>
<b>TOTAL SUPPORT AND REVENUE WITHOUT DONOR-IMPOSED RESTRICTIONS</b>		<u><u>\$ 12,971,483</u></u>

See Independent Auditors' Report

**SURFRIDER FOUNDATION**

**DETAILED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022**

	<b>Surfrider Foundation Headquarters</b>	<b>Foundation Chapters</b>	<b>Eliminations</b>	<b>Total</b>
<b>ASSETS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,536,307	\$ 3,283,399	\$ -	\$ 12,819,706
Investments	4,259,786	260,637	(260,637)	4,259,786
Accounts and grants receivable	2,210,529	237,888	(631,900)	1,816,517
Inventory	209,058	-	-	209,058
Prepaid expenses	212,323	-	-	212,323
Property and equipment, net	76,618	-	-	76,618
Operating lease right-of-use asset	772,097	-	-	772,097
<b>TOTAL ASSETS</b>	<b>\$ 17,276,718</b>	<b>\$ 3,781,924</b>	<b>\$ (892,537)</b>	<b>\$ 20,166,105</b>
 <b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 660,007	\$ 155,883	\$ (654,408)	\$ 161,482
Payroll-related liabilities	594,388	238,129	(238,129)	594,388
Operating lease liability	840,404	-	-	840,404
<b>TOTAL LIABILITIES</b>	<b>2,094,799</b>	<b>394,012</b>	<b>(892,537)</b>	<b>1,596,274</b>
 <b>NET ASSETS</b>				
Without donor restrictions	7,971,693	3,387,912	-	11,359,605
With donor restrictions	7,210,226	-	-	7,210,226
<b>TOTAL NET ASSETS</b>	<b>15,181,919</b>	<b>3,387,912</b>	<b>-</b>	<b>18,569,831</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 17,276,718</b>	<b>\$ 3,781,924</b>	<b>\$ (892,537)</b>	<b>\$ 20,166,105</b>

See Independent Auditors' Report

## SURFRIDER FOUNDATION

### DETAILED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Surfrider Foundation Headquarters</u>	<u>Foundation Chapters</u>	<u>Eliminations</u>	<u>Total</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
<b>SUPPORT AND REVENUE:</b>				
Grants and contributions	\$ 3,308,013	\$ 1,778,657	\$ (532,338)	\$ 4,554,332
Corporate partnership revenue	1,998,429	-	-	1,998,429
Membership	1,703,952	-	-	1,703,952
Contributed materials and services	820,656	-	-	820,656
Merchandise sales, net of cost of goods sold	278,068	42,404	(14,444)	306,028
Investment gain	26,817	3,948	-	30,765
Special events, net of direct costs	1,591	28,407	-	29,998
Net assets released from donor-imposed restrictions	<u>3,527,323</u>	<u>-</u>	<u>-</u>	<u>3,527,323</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>11,664,849</u>	<u>1,853,416</u>	<u>(546,782)</u>	<u>12,971,483</u>
<b>EXPENSES:</b>				
Environmental programs	8,812,182	1,285,609	(546,782)	9,551,009
General and administrative	835,382	115,918	-	951,300
Fundraising	<u>1,068,764</u>	<u>80,659</u>	<u>-</u>	<u>1,149,423</u>
<b>TOTAL EXPENSES</b>	<u>10,716,328</u>	<u>1,482,186</u>	<u>(546,782)</u>	<u>11,651,732</u>
<b>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>948,521</u>	<u>371,230</u>	<u>-</u>	<u>1,319,751</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>				
<b>SUPPORT AND REVENUE:</b>				
Contributions	3,300,569	-	-	3,300,569
Corporate partnership	322,242	-	-	322,242
Investment loss	(632,040)	-	-	(632,040)
Net assets released from donor-imposed restrictions	<u>(3,527,323)</u>	<u>-</u>	<u>-</u>	<u>(3,527,323)</u>
<b>DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>(536,552)</u>	<u>-</u>	<u>-</u>	<u>(536,552)</u>
<b>INCREASE IN NET ASSETS</b>	<u>411,969</u>	<u>371,230</u>	<u>-</u>	<u>783,199</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>14,769,950</u>	<u>3,016,682</u>	<u>-</u>	<u>17,786,632</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 15,181,919</u>	<u>\$ 3,387,912</u>	<u>\$ -</u>	<u>\$ 18,569,831</u>

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