

Orange County Coastkeeper

Costa Mesa, California

Annual Financial Report

For the Years Ended December 31, 2018 and 2017



DRAFT 05.23.2019

Orange County Coastkeeper
For the Years Ended December 31, 2018 and 2017

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	5
Statements of Activities	6
Statements of Functional Expenses	8
Statements of Cash Flows	10
Notes to the Financial Statements	11

DRAFT 05.23.2019

DRAFT 05.23.2019

This page intentionally left blank.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Orange County Coastkeeper
Costa Mesa, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Orange County Coastkeeper (Organization), which comprises the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
of the Orange County Coastkeeper
Costa Mesa, California
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2018 and 2017, and the changes in its net assets, its functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Santa Ana, California
April 30, 2019

DRAFT 05.23.2019

DRAFT 05.23.2019

FINANCIAL STATEMENTS

DRAFT 05.23.2019

This page intentionally left blank.

**Orange County Coastkeeper
Statements of Financial Position
December 31, 2018 and 2017**

ASSETS	2018	2017
Current assets:		
Cash and cash equivalents (note 2)	\$ 2,184,999	\$ 908,369
Accounts receivables	4,415	32,882
Contributions receivable	-	6,000
Grants receivable	96,243	18,524
Contracts receivable	-	73,138
Prepays and deposits	8,050	8,050
Total current assets	2,293,707	1,046,963
Non-current assets:		
Property and equipment, net (note 3)	411,027	410,838
Total non-current assets	411,027	410,838
Total assets	\$ 2,704,734	\$ 1,457,801
LIABILITIES AND NET ASSETS		
Liabilities:		
Current liabilities:		
Accounts and other payables	\$ 494,303	\$ 88,242
Accrued vacation payable	19,714	10,641
Total current liabilities	514,017	98,883
Total liabilities	514,017	98,883
Net assets:		
Without donor restrictions	1,848,245	1,049,930
With donor restrictions (note 4)	342,472	308,988
Total net assets	2,190,717	1,358,918
Total liabilities and net assets	\$ 2,704,734	\$ 1,457,801

DRAFT 05.23.2019

Orange County Coastkeeper
Statement of Activities
For the Year Ended December 31, 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions (note 4)	Total
Support and other revenue:			
Contributions, gifts and grants:			
Program service revenue	\$ 2,155,691	\$ 613,331	\$ 2,769,022
Direct public support	474,531	98,401	572,932
Governmental grants	436	68,490	68,926
Fundraising events, net (note 5)	102,439	-	102,439
Other revenue	5,229	-	5,229
Investment earnings	293	-	293
Total support and other revenue	2,738,619	780,222	3,518,841
Net assets released from restrictions (note 4)	746,738	(746,738)	-
Total revenue	3,485,357	33,484	3,518,841
Program expenses:			
Education	352,619	-	352,619
Sustainability	137,953	-	137,953
Advocacy	415,029	-	415,029
Restoration	126,498	-	126,498
Enforcement	1,367,512	-	1,367,512
Special projects	80,987	-	80,987
Total program expenses	2,480,598	-	2,480,598
Supporting services:			
Management and general	143,103	-	143,103
Fundraising	63,341	-	63,341
Total supporting services	206,444	-	206,444
Total expenses	2,687,042	-	2,687,042
Change in net assets	798,315	33,484	831,799
Net Assets:			
Beginning of year	1,049,930	308,988	1,358,918
End of year	<u>\$ 1,848,245</u>	<u>\$ 342,472</u>	<u>\$ 2,190,717</u>

Orange County Coastkeeper
Statement of Activities (Continued)
For the Year Ended December 31, 2017

	2017		
	Without Donor Restrictions	With Donor Restrictions (note 4)	Total
Support and other revenue:			
Contributions, gifts and grants:			
Program service revenue	\$ 718,891	\$ 305,409	\$ 1,024,300
Direct public support	80,372	409,883	490,255
Governmental grants	76,998	69,679	146,677
Fundraising events, net (note 5)	99,561	-	99,561
Other revenue	1,280	-	1,280
Investment earnings	373	-	373
Total support and other revenue	977,475	784,971	1,762,446
Net assets released from restrictions (note 4)	675,392	(675,392)	-
Total revenue	1,652,867	109,579	1,762,446
Program expenses:			
Education	323,494	-	323,494
Sustainability	100,775	-	100,775
Advocacy	310,831	-	310,831
Restoration	130,461	-	130,461
Enforcement	673,799	-	673,799
Special projects	43,370	-	43,370
Total program expenses	1,582,730	-	1,582,730
Supporting services:			
Management and general	122,629	-	122,629
Fundraising	47,745	-	47,745
Total supporting services	170,374	-	170,374
Total expenses	1,753,104	-	1,753,104
Change in net assets	(100,237)	109,579	9,342
Net Assets:			
Beginning of year	1,150,167	199,409	1,349,576
End of year	<u>\$ 1,049,930</u>	<u>\$ 308,988</u>	<u>\$ 1,358,918</u>

**Orange County Coastkeeper
Statement of Functional Expenses
For the Year Ended December 31, 2018**

Program Services

Expense category	Education	Sustainability	Advocacy	Restoration	Enforcement	Special Projects	Total Program Expenses
Salaries and wages	\$ 214,021	\$ 95,848	\$ 248,993	\$ 51,559	\$ 252,105	\$ 55,206	\$ 917,732
Payroll taxes	21,695	7,243	17,041	4,624	18,298	3,602	72,503
Employee benefits	15,296	8,214	16,296	5,163	9,897	4,022	58,888
Workers compensation	1,690	1,364	2,191	1,145	1,583	584	8,557
Total salaries and benefits	<u>252,702</u>	<u>112,669</u>	<u>284,521</u>	<u>62,491</u>	<u>281,883</u>	<u>63,414</u>	<u>1,057,680</u>
Automobile mileage	5,416	3,279	15,671	420	2,078	1,597	28,461
Consultants	13,821	7,369	82,375	42,611	1,041,324	138	1,187,638
In-kind	-	2,199	-	-	-	-	2,199
Insurance	3,672	800	-	1,071	-	-	5,543
Other	1,266	459	641	201	1,407	278	4,252
Postage	171	211	20	59	206	292	959
Printing	883	6,326	419	95	1,492	24	9,239
Rent	19,728	-	14,783	12,923	19,843	850	68,127
Supplies and equipment	36,713	4,584	12,264	6,090	15,094	14,199	88,944
Travel	14,448	-	2,809	270	3,603	-	21,130
Utilities	3,799	57	1,526	267	582	195	6,426
Total other expenses	<u>99,917</u>	<u>25,284</u>	<u>130,508</u>	<u>64,007</u>	<u>1,085,629</u>	<u>17,573</u>	<u>1,422,918</u>
Total program services	<u>\$ 352,619</u>	<u>\$ 137,953</u>	<u>\$ 415,029</u>	<u>\$ 126,498</u>	<u>\$ 1,367,512</u>	<u>\$ 80,987</u>	<u>\$ 2,480,598</u>

Supporting Services

Expense category	Management and		Total	
	General	Fund - Raising	Supporting Services	Total Expenses
Salaries and wages	\$ 58,709	\$ 34,205	\$ 92,914	\$ 1,010,646
Payroll taxes	4,277	2,927	7,204	79,707
Employee benefits	7,666	7,666	15,332	74,220
Workers compensation	3,611	242	3,853	12,410
Total salaries and benefits	<u>74,263</u>	<u>45,040</u>	<u>119,303</u>	<u>1,176,983</u>
Accounting and auditing	6,000	-	6,000	6,000
Automobile mileage	424	109	533	28,994
Consultants	-	6,666	6,666	1,194,304
In-kind	-	-	-	2,199
Insurance	6,744	-	6,744	12,287
Other	1,408	96	1,504	5,756
Postage	100	75	175	1,134
Printing	40	-	40	9,279
Rent	23,710	6,187	29,897	98,024
Supplies and equipment	1,921	4,819	6,740	95,684
Travel	-	-	-	21,130
Utilities	276	349	625	21,755
Total other expenses	<u>40,623</u>	<u>18,301</u>	<u>58,924</u>	<u>1,502,972</u>
Depreciation	28,217	-	28,217	28,217
Total supporting services	<u>\$ 143,103</u>	<u>\$ 63,341</u>	<u>\$ 206,444</u>	<u>\$ 2,687,042</u>

Orange County Coastkeeper
Statement of Functional Expenses (Continued)
For the Year Ended December 31, 2017

Expense category	Program Services						Special Projects	Total Program Expenses
	Education	Sustainability	Advocacy	Restoration	Enforcement			
Salaries and wages	\$ 192,715	\$ 61,538	\$ 191,096	\$ 58,738	\$ 208,038	\$ 31,694	\$ 743,819	
Payroll taxes	17,151	3,908	16,558	3,873	10,563	613	52,666	
Employee benefits	13,460	3,079	12,740	3,418	9,375	-	42,072	
Workers compensation	1,546	4,403	2,619	1,279	1,130	115	11,092	
Total salaries and benefits	224,872	72,928	223,013	67,308	229,106	32,422	849,649	
Automobile mileage	6,721	1,222	9,235	590	2,770	1,201	21,739	
Consultants	7,705	15,200	44,561	42,201	401,987	138	511,792	
In-kind	-	435	-	-	-	-	435	
Insurance	-	1,065	650	1,588	2,792	-	6,095	
Other	1,083	302	587	196	1,531	140	3,839	
Postage	190	206	17	31	252	10	706	
Printing	1,343	373	1,427	247	1,647	-	5,037	
Rent	20,175	-	13,762	12,123	16,896	-	62,956	
Supplies and equipment	26,056	8,793	6,691	5,687	14,291	9,419	70,937	
Travel	31,479	-	9,083	170	1,644	-	42,376	
Utilities	3,870	251	1,805	320	883	40	7,169	
Total other expenses	98,622	27,847	87,818	63,153	444,693	10,948	733,081	
Total program services	\$ 323,494	\$ 100,775	\$ 310,831	\$ 130,461	\$ 673,799	\$ 43,370	\$ 1,582,730	

Expense category	Supporting Services			
	Management and General	Fund - Raising	Total Supporting Services	Total Expenses
Salaries and wages	\$ 33,681	\$ 27,394	\$ 61,075	\$ 804,894
Payroll taxes	2,659	3,500	6,159	58,825
Employee benefits	5,639	5,953	11,592	53,664
Workers compensation	5,737	334	6,071	17,163
Total salaries and benefits	47,716	37,181	84,897	934,546
Accounting and auditing	8,516	-	8,516	8,516
Automobile mileage	-	44	44	21,783
Consultants	-	-	-	511,792
In-kind	-	-	-	435
Insurance	7,572	-	7,572	13,667
Other	864	465	1,329	5,168
Postage	386	38	424	1,130
Printing	176	-	176	5,213
Rent	25,097	5,428	30,525	93,481
Supplies and equipment	1,933	4,321	6,254	77,191
Travel	316	-	316	42,376
Utilities	354	268	622	42,998
Total other expenses	45,214	10,564	55,778	830,919
Depreciation	29,699	-	29,699	29,699
Total supporting services	\$ 122,629	\$ 47,745	\$ 170,374	\$ 1,753,104

Orange County Coastkeeper
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 831,799	\$ 9,342
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	28,217	29,699
Changes in assets and liabilities:		
(Increase)Decrease in assets:		
Accounts receivables – other	28,467	(27,882)
Contributions receivable	6,000	(5,500)
Grants receivable	(77,719)	27,835
Contracts receivable	73,138	82,149
Increase(Decrease) in liabilities:		
Accounts and other payables	406,061	(17,986)
Accrued vacation payable	9,073	(2,662)
Total adjustments	<u>473,237</u>	<u>85,653</u>
Net cash provided by operating activities	<u>1,305,036</u>	<u>94,995</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(28,406)	(5,800)
Net cash (used in) investing activities	<u>(28,406)</u>	<u>(5,800)</u>
Net increase in cash and cash equivalents	1,276,630	89,195
CASH AND CASH EQUIVALENTS:		
Beginning of year	908,369	819,174
End of year	<u>\$ 2,184,999</u>	<u>\$ 908,369</u>

DRAFT 05.23.2019

Orange County Coastkeeper
Notes to the Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

Orange County Coastkeeper (Organization) is a California nonprofit public benefit organization dedicated to the protection and preservation of marine habitats and watersheds of Orange County, the Inland Empire, Coachella Valley and surrounding areas through programs of education, advocacy, research, restoration, and enforcement. Affiliated with the national Waterkeeper Alliance consisting of over 300 Keeper organizations worldwide, the Organization maintains a full-time staff of skilled dedicated, including educators, marine biologists, and attorneys. The Organization maintains two separately licensed programs, the Inland Empire Waterkeeper and Coachella Waterkeeper. Inland Empire Waterkeeper maintains an office and staff in Riverside. Coachella Waterkeeper was established in December 2018.

The Organization has five established continual departments that comprise its overall programs are as follows:

Education – To raise regional awareness about watersheds and marine issues, the Organization interacts with thousands of students and citizens at schools and public outreach events. Currently, in more than 20 schools, the Organization promotes stewardship and environmental careers through its WHALES Program, which provides in-class and field experience to junior high school and high school students each year.

Sustainability – Coastkeeper produces numerous programs that are intended to both educating the public and changing public behavior. Coastkeeper Garden is a 2 ½ acre demonstration garden to teach visitors how to landscape with drought tolerant plants, as well as, eliminating urban runoff. Coastkeeper’s Smartscape Program reaches out to communities to train how to transition and manage from grass to drought tolerant landscapes. Coastkeeper is involved on a statewide basis in the evolution of drinking water in California. Water sustainability involves reuse and recycling.

Advocacy – Urging regulatory agencies and commissions as well as state, county, and local governments, the Organization partners on projects and advocates for stricter storm water and urban runoff regulations, and enhanced coastal protection. The Organization also advocates for collaborative solutions to the drinking water supply for Southern California.

Restoration – The Organization has spent the last eight-years successfully restoring acres of kelp forests along the Orange County Coastline. Currently, the Organization is conducting an eelgrass restoration project in Upper Newport Bay. Also, the Organization is participating in an oyster aqua-culture project in Los Alamitos Harbor, as well as, monitoring green abalone near the coastline shore waters.

Enforcement – The Organization monitors, on land and on water, any pollution that occurs during rain events or through any other activity throughout the region. These include polluted runoff from construction sites, scrap yards, and any other industrial site. When polluted discharges are consistently out of compliance with state and federal water laws, the Organization initiates federal litigation against violators.

In addition to the five pillar programs, the Organization initiates and conducts Special Programs.

Coastkeeper Garden – Located at Rancho Santiago Canyon College, the Organization has a 20-year lease on 2.5 acres of land at a nominal rate where they are constructing a demonstration garden for public education. The focus of the garden is to illustrate water conservation landscaping, the elimination of urban runoff, and many other lessons to both homeowners and prospective homeowners, as there are approved plans for thousands of new homes in the immediate area. The Garden will serve as a public venue as well as for classes at the college.

Orange County Coastkeeper
Notes to the Financial Statements (Continued)
For the Years Ended December 31, 2018 and 2017

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

Basis of Accounting

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

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. Financial statement presentation follows the guidance of the Financial Accounting Standards Board (“FASB”) in its Accounting Standards Codification (“ASC”) Topic 958, *Presentation of Financial Statements of Not-For-Profit Organizations* as updated in August 2016. Under this pronouncement, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. The significant accounting policies with respect to these two classes of net assets are described below:

Net Assets Without Donor Restrictions – Utilized to record fees and other forms of unrestricted revenue and expenses related to the general operations of the Organization which are not subject to donor-imposed restrictions (donors include other types of contributions, including makers of certain grants).

Net Assets With Donor Restrictions – Utilized to account for donor-imposed restrictions (donors include other types of contributions, including makers of certain grants).

Schedules of Functional Expenses

The costs of providing the Organization’s programs and administration have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

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

Cash and Cash Equivalents

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

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair market value at date of donation. Depreciation is provided using the straight-line method of depreciation over the estimated useful lives of the assets, ranging from three to seven years and the Coastkeeper Garden for 20 years. Property and equipment are capitalized if the cost or donated fair market value of an asset is greater than, or equal to \$5,000.

Orange County Coastkeeper
Notes to the Financial Statements (Continued)
For the Years Ended December 31, 2018 and 2017

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

Vacation Payable

The Coastkeeper provides vacation benefits to all regular full-time employees. Employees may accumulate unused vacation of up to 1.5 times their current annual vacation entitlement. Once an employee has earned his or her full vacation credit for the year, the employee will not become eligible for any additional time in the subsequent year until some of the unused vacation time has been used. If the maximum accrual is reached, no further vacation accrual will take place until it drops below the maximum accrual.

<u>Length of Employment</u>	<u>Vacation Accrual Per Month</u>	<u>Vacation Accrual Per Year</u>	<u>Maximum Annual Cap</u>
0 - 1 year	0	0	N/A
1 - 2 years	0.5 days	6 days	9 days
3 - 4 years	1 day	12 days	18 days
5 - 9 years	1.5 days	18 days	27 days
10 + years	2.0 days	24 days	36 days

Long-Lived Assets

The Organization accounts for impairment and disposition of long-lived assets. Impairment losses are recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the assets' carrying amount. There was no impairment of the value of such assets for the years ended December 31, 2018 and 2017, respectively.

Grants and Contracts Revenue Recognition

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

Functional Expenses

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on an evaluation by management.

Income Taxes

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

The Organization has applied the provisions of ASC Subtopic 740-10, *Income Taxes—Overall*, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on recognition, classification, interest, and penalties, disclosure, and transition. Management of the Organization believes that no such uncertain tax positions exist as of December 31, 2018 and 2017, respectively.

Orange County Coastkeeper
Notes to the Financial Statements (Continued)
For the Years Ended December 31, 2018 and 2017

Note 2 – Cash and Cash Equivalents

At December 31, 2018 and 2017, Cash and Cash Equivalents consist of the following:

	<u>2018</u>	<u>2017</u>
Deposits with Financial Institutions	\$ 2,059,799	\$ 908,169
Certificate of Deposits	125,000	-
Petty Cash	200	200
Total Cash and Cash Equivalents	<u>\$ 2,184,999</u>	<u>\$ 908,369</u>

The Organization maintains cash balances at three financial institutions. Financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash and cash equivalent balances above \$250,000 are uninsured. There were \$1,328,458 and \$74,271 on deposit uninsured above the FDIC limit for years ended December 31, 2018 and 2017, respectively.

Note 3 – Property and Equipment

Summary of changes in property and equipment for the year ended December 31, 2018 was as follows:

	<u>Balance January 1, 2018</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance December 31, 2018</u>
Depreciable assets:				
Coastkeeper garden	\$ 526,605	\$ -	\$ -	\$ 526,605
Coastkeeper Van	-	28,406	-	28,406
Boat and tractor	61,709	-	-	61,709
Total depreciable assets	<u>588,314</u>	<u>28,406</u>	<u>-</u>	<u>616,720</u>
Accumulated depreciation	<u>(177,476)</u>	<u>(28,217)</u>	<u>-</u>	<u>(205,693)</u>
Total property and equipment, net	<u>\$ 410,838</u>	<u>\$ 189</u>	<u>\$ -</u>	<u>\$ 411,027</u>

Summary of changes in property and equipment for the year ended December 31, 2017 was as follows:

	<u>Balance January 1, 2017</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance December 31, 2017</u>
Depreciable assets:				
Coastkeeper garden	\$ 526,605	\$ -	\$ -	\$ 526,605
Boat and tractor	58,164	5,800	(2,255)	61,709
Total depreciable assets	<u>584,769</u>	<u>5,800</u>	<u>(2,255)</u>	<u>588,314</u>
Accumulated depreciation	<u>(150,032)</u>	<u>(29,699)</u>	<u>2,255</u>	<u>(177,476)</u>
Total property and equipment, net	<u>\$ 434,737</u>	<u>\$ (23,899)</u>	<u>\$ -</u>	<u>\$ 410,838</u>

Orange County Coastkeeper
Notes to the Financial Statements (Continued)
For the Years Ended December 31, 2018 and 2017

Note 4 – Net Assets with Donor Restrictions

Temporarily restricted net assets are available for the following purposes:

	<u>January 1, 2018</u>	<u>Additions</u>	<u>Released</u>	<u>December 31, 2018</u>
Education	\$ 81,696	\$ 391,320	\$ (408,778)	\$ 64,238
Sustainability	50,241	42,000	(34,480)	57,761
Advocacy	76,681	147,750	(109,089)	115,342
Restoration	36,609	153,152	(125,443)	64,318
Special projects	63,761	46,000	(68,948)	40,813
Total	<u>\$ 308,988</u>	<u>\$ 780,222</u>	<u>\$ (746,738)</u>	<u>\$ 342,472</u>

	<u>January 1, 2017</u>	<u>Additions</u>	<u>Released</u>	<u>December 31, 2017</u>
Education	\$ 54,603	\$ 307,946	\$ (280,853)	\$ 81,696
Sustainability	27,329	52,000	(29,088)	50,241
Advocacy	42,641	130,000	(95,960)	76,681
Restoration	74,836	190,825	(229,052)	36,609
Special projects	-	104,200	(40,439)	63,761
Total	<u>\$ 199,409</u>	<u>\$ 784,971</u>	<u>\$ (675,392)</u>	<u>\$ 308,988</u>

Net assets were released from donor restrictions by satisfying the purpose and/or time specifications by the donor's or grantor's requests.

Note 5 – Fundraising Events

Fundraising events for the year ended December 31, 2018 was comprised of the following:

<u>Description</u>	<u>Toast The Coast</u>
Fundraising events proceeds	126,406
Costs of direct benefits to attendees	(23,967)
Total fundraising events, net	<u>\$ 102,439</u>

Fundraising events for the year ended December 31, 2017 were comprised of the following:

<u>Description</u>	<u>Toast The Coast</u>
Fundraising events proceeds	\$ 119,445
Costs of direct benefits to attendees	(19,884)
Total fundraising events, net	<u>\$ 99,561</u>

Orange County Coastkeeper
Notes to the Financial Statements (Continued)
For the Years Ended December 31, 2018 and 2017

Note 6 – Operating Lease Agreements

The Organization leases its administrative offices in Costa Mesa, California, and an office in Riverside, California, (Inland Empire) under operating leases in the amount of \$6,672 and \$625 per month, respectively. The Costa Mesa lease contains annual escalation clauses and expires on December 31, 2020. The Inland Empire lease has become a month-to-month lease since May 1, 2016. Rental expense for all operating leases for the years ended December 31, 2018 and 2017 amounted to \$68,127 and \$62,956 respectively.

Minimum future rental payments under these non-cancelable operating leases are as follows:

Year	Costa Mesa Office	Inland Empire Office	Total Office Lease
2019	\$ 80,052	\$ 7,500	\$ 87,552
2020	80,052	-	80,052
Total	\$ 160,104	\$ 7,500	\$ 167,604

Note 7 – Public Support

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

Note 8 – Contingencies

Litigation

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

Note 9 – Subsequent Events

Events occurring after December 31, 2018, have been evaluated for possible adjustment to the financial statements or disclosure as of **April 30, 2019**, which is the date the financial statements were available to be issued.