



ORANGE COUNTY
COASTKEEPER®

Orange County Coastkeeper

Financial Statements

December 31, 2025 and 2024



BRETT BRADBURY CPA PC

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BRETT BRADBURY CPA PC
NONPROFIT AUDIT |
REVIEW | COMPILATION

INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the accompanying financial statements of Orange County Coastkeeper (nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Orange County Coastkeeper as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Orange County Coastkeeper and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Orange County Coastkeeper's, ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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 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, I:

- 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 Orange County Coastkeeper's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Orange County Coastkeeper's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Brett Bradbury CPA PC

Long Beach, California

April 17, 2026

**Orange County Coastkeeper
Statements of Financial Position
December 31, 2025 and 2024**

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,677,729	\$ 1,794,992
Investments	392,969	358,014
Accounts receivable	136,165	-
Contributions receivable	464,589	328,617
Total Current Assets	2,671,452	2,481,623
Long-Term Assets		
Accrued revenue	750,000	750,000
Property and equipment, net	-	299
Operating lease right-of-use assets	339,239	443,694
Deposits	8,050	8,050
Total Long-Term Assets	1,097,289	1,202,043
Total Assets	\$ 3,768,741	\$ 3,683,666
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 90,054	\$ 198,894
Accrued liabilities	120,928	103,104
Grants payable	85,000	65,000
Operating lease liabilities, current portion	108,212	98,440
Total Current Liabilities	404,194	465,438
Long-Term Liabilities		
Operating lease liabilities, net of current portion	248,512	356,725
Total Long-Term Liabilities	248,512	356,725
Total Liabilities	652,706	822,163
Net Assets		
Without donor restrictions	2,795,173	2,503,092
With donor restrictions	320,862	358,411
Total Net Assets	3,116,035	2,861,503
Total Liabilities and Net Assets	\$ 3,768,741	\$ 3,683,666

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

**Orange County Coastkeeper
Statements of Activities
Years Ended December 31, 2025 and 2024**

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Grants and contracts	\$ 687,514	\$ 753,915	\$ 1,441,429	\$ 500,218	\$ 737,439	\$ 1,237,657
Program revenue	1,086,573	-	1,086,573	1,137,712	-	1,137,712
Contributions	157,751	259,253	417,004	112,455	88,720	201,175
In-kind contributions	-	-	-	35,590	-	35,590
Special events	-	-	-	143,648	-	143,648
Net assets released from restrictions	1,050,717	(1,050,717)	-	777,790	(777,790)	-
Total Support and Revenue	2,982,555	(37,549)	2,945,006	2,707,413	48,369	2,755,782
Expenses						
Program services:						
Education	558,939	-	558,939	539,912	-	539,912
Advocacy	521,205	-	521,205	398,726	-	398,726
Restoration	272,875	-	272,875	108,902	-	108,902
Enforcement	677,106	-	677,106	952,864	-	952,864
Research	186,715	-	186,715	109,609	-	109,609
Special projects	271,873	-	271,873	383,365	-	383,365
Total Program Services	2,488,713	-	2,488,713	2,493,378	-	2,493,378
Supporting services:						
Management and general	149,769	-	149,769	143,540	-	143,540
Fundraising	103,826	-	103,826	211,806	-	211,806
Total Supporting Services	253,595	-	253,595	355,346	-	355,346
Total Expenses	2,742,308	-	2,742,308	2,848,724	-	2,848,724
Nonoperating Revenue						
Investment income	51,037	-	51,037	60,854	-	60,854
Other income	797	-	797	1,259	-	1,259
Total Nonoperating Revenue	51,834	-	51,834	62,113	-	62,113
Change in net assets	292,081	(37,549)	254,532	(79,198)	48,369	(30,829)
Net assets, beginning of year	2,503,092	358,411	2,861,503	2,582,290	310,042	2,892,332
Net assets, end of year	\$ 2,795,173	\$ 320,862	\$ 3,116,035	\$ 2,503,092	\$ 358,411	\$ 2,861,503

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

**Orange County Coastkeeper
Statement of Functional Expenses
Year Ended December 31, 2025**

	Program Services						Supporting Services			
	Education	Advocacy	Restoration	Enforcement	Research	Special Projects	Total Program Services	Management and General	Fundraising	Total
Salaries and Related Expenses										
Salaries and wages	\$ 307,600	\$ 370,263	\$ 97,342	\$ 415,499	\$ 133,218	\$ 143,663	\$ 1,467,585	\$ 100,601	\$ 85,542	\$ 1,653,728
Payroll taxes	26,177	23,139	7,238	29,625	15,204	12,446	113,829	7,602	4,671	126,102
Employee benefits	53,049	25,266	9,658	36,050	13,608	6,184	143,815	1,426	1,231	146,472
Total Salaries and Related Expenses	<u>386,826</u>	<u>418,668</u>	<u>114,238</u>	<u>481,174</u>	<u>162,030</u>	<u>162,293</u>	<u>1,725,229</u>	<u>109,629</u>	<u>91,444</u>	<u>1,926,302</u>
Other Expenses										
Bank and merchant fees	3,298	674	621	837	817	743	6,990	2,304	1,033	10,327
Contracted services	28,009	26,726	121,929	118,382	-	81,978	377,024	3,223	3,000	383,247
Depreciation	-	-	-	-	-	-	-	299	-	299
Insurance	1,842	9,173	1,142	-	-	-	12,157	6,977	-	19,134
Postage and delivery	121	-	25	1,660	7	30	1,843	11	20	1,874
Printing and publications	1,271	338	155	60	138	254	2,216	48	396	2,660
Rent expense	20,400	26,928	16,301	24,016	12,645	9,375	109,665	22,657	6,400	138,722
Small equipment	-	759	1,513	-	-	-	2,272	-	-	2,272
Supplies	105,351	28,138	12,464	40,799	3,689	11,059	201,500	2,767	1,108	205,375
Travel	-	5,237	-	2,552	1,774	1,015	10,578	-	-	10,578
Utilities	2,506	2,711	394	1,109	903	-	7,623	1,013	383	9,019
Vehicle expense	9,315	1,853	4,093	6,517	4,712	5,126	31,616	841	42	32,499
Total Other Expenses	<u>172,113</u>	<u>102,537</u>	<u>158,637</u>	<u>195,932</u>	<u>24,685</u>	<u>109,580</u>	<u>763,484</u>	<u>40,140</u>	<u>12,382</u>	<u>816,006</u>
Total Expenses	<u>\$ 558,939</u>	<u>\$ 521,205</u>	<u>\$ 272,875</u>	<u>\$ 677,106</u>	<u>\$ 186,715</u>	<u>\$ 271,873</u>	<u>\$ 2,488,713</u>	<u>\$ 149,769</u>	<u>\$ 103,826</u>	<u>\$ 2,742,308</u>

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

**Orange County Coastkeeper
Statement of Functional Expenses
Year Ended December 31, 2024**

	Program Services						Total Program Services	Supporting Services		Total
	Education	Advocacy	Restoration	Enforcement	Research	Special Projects		Management and General	Fundraising	
Salaries and Related Expenses										
Salaries and wages	\$ 304,562	\$ 279,888	\$ 68,127	\$ 365,071	\$ 76,779	\$ 250,598	\$ 1,345,025	\$ 53,804	\$ 105,845	\$ 1,504,674
Payroll taxes	26,226	18,425	5,346	26,355	10,156	21,259	107,767	3,437	5,813	117,017
Employee benefits	38,898	17,359	8,994	25,806	15,407	19,265	125,729	21,105	9,365	156,199
Total Salaries and Related Expenses	<u>369,686</u>	<u>315,672</u>	<u>82,467</u>	<u>417,232</u>	<u>102,342</u>	<u>291,122</u>	<u>1,578,521</u>	<u>78,346</u>	<u>121,023</u>	<u>1,777,890</u>
Other Expenses										
Bank and merchant fees	3,065	509	360	794	733	936	6,397	5,782	7,863	20,042
Contracted services	30,568	20,738	-	481,811	-	28,236	561,353	-	-	561,353
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	35,590	35,590
Depreciation	-	-	-	-	-	-	-	298	-	298
Insurance	1,013	5,682	1,103	-	-	-	7,798	6,803	-	14,601
Postage and delivery	121	1	3	368	19	66	578	113	79	770
Printing and publications	819	-	38	217	114	3,493	4,681	460	2,027	7,168
Professional fees	-	-	-	-	-	-	-	31,525	-	31,525
Rent expense	18,500	36,599	16,138	24,315	-	22,500	118,052	11,471	8,400	137,923
Small equipment	536	-	-	580	-	705	1,821	1,078	-	2,899
Supplies	106,730	4,840	7,246	20,496	1,559	23,411	164,282	6,612	35,684	206,578
Travel	-	2,416	-	2,651	2,397	2,117	9,581	-	526	10,107
Utilities	2,533	3,336	400	1,124	307	-	7,700	423	299	8,422
Vehicle expense	6,341	8,933	1,147	3,276	2,138	10,779	32,614	629	315	33,558
Total Other Expenses	<u>170,226</u>	<u>83,054</u>	<u>26,435</u>	<u>535,632</u>	<u>7,267</u>	<u>92,243</u>	<u>914,857</u>	<u>65,194</u>	<u>90,783</u>	<u>1,070,834</u>
Total Expenses	<u>\$ 539,912</u>	<u>\$ 398,726</u>	<u>\$ 108,902</u>	<u>\$ 952,864</u>	<u>\$ 109,609</u>	<u>\$ 383,365</u>	<u>\$ 2,493,378</u>	<u>\$ 143,540</u>	<u>\$ 211,806</u>	<u>\$ 2,848,724</u>

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

Orange County Coastkeeper
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ 254,532	\$ (30,829)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	299	298
Amortization of operating lease right-of-use asset	104,455	100,782
Net unrealized gain on investments	(3,880)	(2,882)
(Increase) decrease in operating assets:		
Accounts receivable	(136,165)	-
Contributions receivable	(135,972)	17,743
Increase (decrease) in operating liabilities:		
Accounts payable	(108,840)	218,807
Accrued liabilities	17,824	30,479
Grants payable	20,000	-
Operating lease liabilities, net	(98,441)	(89,311)
Net cash provided (used) by operating activities	(86,188)	245,087
Cash Flows from Investing Activities		
Purchases of investments	(398,075)	(355,132)
Proceeds from matured certificates of deposit	150,000	503,756
Proceeds from sales of investments	217,000	-
Net cash provided (used) by investing activities	(31,075)	148,624
Net increase (decrease) in cash and cash equivalents	(117,263)	393,711
Cash and cash equivalents, beginning of year	1,794,992	1,401,281
Cash and cash equivalents, end of year	\$ 1,677,729	\$ 1,794,992
Cash and cash equivalents consists of:		
Unrestricted cash and cash equivalents	\$ 1,356,867	\$ 1,436,581
Restricted cash and cash equivalents	320,862	358,411
	\$ 1,677,729	\$ 1,794,992
Supplemental Disclosure of Cash Flow Information		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

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

Orange County Coastkeeper Notes to Financial Statements

NOTE 1 – ORGANIZATION

Orange County Coastkeeper (the “Organization”) is a California nonprofit public benefit organization that was formed in 1999 as described in Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Internal Revenue Code and is 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, restoration, enforcement, and sustainability. Affiliated with the national Waterkeeper Alliance, consisting of over 350 Waterkeeper organizations worldwide, The Organization maintains a full-time staff of skilled and dedicated professionals, including educators, marine biologists, attorneys, and activists. The Organization supports two additional separately licensed regional programs, the Inland Empire Waterkeeper and Coachella Waterkeeper. The Inland Empire Waterkeeper maintains an office and staff in Riverside and the Coachella Waterkeeper is currently operated from the Costa Mesa office.

The Organization has five established program pillars or departments that comprise its overall program are as follows:

Education - The Organization interacts with thousands of students and citizens at schools and public outreach events to raise regional awareness about watersheds and marine issues. Currently, in more than 40 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.

Advocacy - The Organization collaborates on various projects and advocates for stricter storm water and runoff regulations at regulatory agencies and commissions, as well as state, county, and local governments. The Organization promote collaborative solutions to enhance coastal protection, including ensure public access to coastal resources, and healthy marine habitats.

Restoration - The Organization spent eight-years successfully restoring acres of kelp forests along the Orange County Coastline. For the past eight years, the Organization has conducted an eelgrass restoration project in Upper Newport Bay. Also, the Organization is doing an oyster restoration project in Upper Newport and Los Alamitos Harbors. Living Shorelines is a project that grows eelgrass and Olympia Oyster adjacent to each other to ascertain if it will stabilize the sediment from erosion during sea-level rise.

Enforcement - The Organization monitors any pollution that occurs during rain events or through any other activity throughout the region. The goal is to clean up the region, which includes polluted runoff from industrial sites of all types. The Organization initiates federal Clean Water Act based litigation against violators when polluted discharges are consistently non-compliant with state and federal water laws.

Research - The Organization trains teams of water quality monitors to take samples of site discharges, waterways, and harbors for pollution that occurs during rain events or through any activity. In addition, it monitors human and animal activities at specific sites and beaches to create a database that can be used for decision making. Based on collected data, studies and reports are produced.

The Organization initiates and conducts Special Programs in addition to the five pillar programs.

Orange County Coastkeeper Notes to Financial Statements

NOTE 1 – ORGANIZATION (continued)

The Organization is intensely involved in campaigns that determine public policy on major impactful issues, such as opposing a \$1.5 billion ocean desalination plant in Huntington Beach, campaign to promote decommission of the 27 oil offshore platforms off the coast of California, dealing with accidental oil spills, and advocating policy to maintain the coastal railroad tracks in south Orange County.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The statements of financial position are presented in order of liquidity.

The Organization classifies revenue, other support, and expenses into two net asset categories according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve through a board-designated endowment.
- *Net assets with donor restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, purpose or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include bank checking accounts used for operating purposes and highly liquid investments available for current use with maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes.

Investments

Investments consist primarily of certificates of deposit and U.S. Treasury securities and are reported at fair value in the statement of financial position. Fair value is based on quoted market prices, when available, or on prices provided by recognized pricing services or broker dealers.

Interest income is recognized as earned. Realized gains and losses on the sale or maturity of investments are included in the change in net assets in the period incurred. Unrealized gains and losses represent the change in the difference between cost and fair value for investments still held at year end.

Orange County Coastkeeper

Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

Investment return includes interest income and realized and unrealized gains and losses and is reported in the statement of activities as net assets without donor restrictions unless its use is restricted by explicit donor stipulation or by law. Investment return that is restricted by donor stipulation and whose restriction is met in the same reporting period is reported as net assets without donor restrictions.

Accounts Receivable

Accounts receivable is stated at the amount billed to companies for legal and compliance fees that the Organization incurs enforcing the Clean Water Act. Receivables are recorded at estimated fair value at the time of origination, and are reflected in the statements of financial position net of allowances for credit losses. Credit risk is mitigated by periodic review of delinquent accounts, including specific collection issues. The need for an allowance for credit loss is considered based on historical experience adjusted for current conditions and reasonable forecasts considering geographical and industry-specific economic factors. There were no writeoffs during the year. The Organization did not have an allowance for credit losses as of December 31, 2025 and 2024, respectively.

Contributions Receivable

Contributions receivable are unconditional promises received and are recorded when the promise to contribute is made. Unconditional promises to give expected to be collected within one year are recorded at net realizable value. All contributions receivable for the years ended December 31, 2025 and 2024 are expected to be collected within one year. The Organization uses the allowance method to record uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. There was no allowance for uncollectible promises to give at December 31, 2025 and 2024.

Accrued Revenue

Accrued revenue consists of earned revenue that is recorded as an asset, since the performance obligations have occurred, but the amount has not been billed or invoiced. See Note 5.

Fair Value Measurements

The Organization carries certain assets and liabilities at fair value. Fair value is defined as 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. Certain financial instruments are carried at cost on the statements of financial position, which approximates fair value due to their short term, highly liquid nature.

The Organization classifies its financial assets and liabilities according to three levels and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

- Level 1 - Quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date. Examples of such assets are actively traded stocks, bonds, and mutual funds. This Level of data is given priority over Level 2 and 3 data in establishing fair market value.

Orange County Coastkeeper Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

- Level 2 - Observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly. An example of such an asset is an investment that is not traded actively and therefore no quoted price is available, but other similar investments have traded recently, or other data such as interest or yield rates are available that allows for a valuation of the asset. This Level of data is given priority over Level 3 data in establishing a fair market value.
- Level 3 - Unobservable inputs for the asset or liability that are not corroborated by market data. In this situation, unobservable data may be used to make the best fair value determination possible.

Property and Equipment

Property and equipment used in the operations of the Organization are stated at cost or, if donated, at the fair value at the date of contribution. All donated assets are reported as unrestricted support unless donors' stipulations specify how the assets must be used. The Organization reports expirations of donor restrictions when the acquired assets are placed in service and reclassifies with donor restricted net assets to without donor restricted net assets at that time. Property and equipment with a cost of at least \$2,500 and a useful life of three years or more is capitalized. Depreciation on both purchased and donated items is recorded using the straight-line method over the shorter of the estimated useful life of the related asset or the term of the lease for leasehold improvements as follows:

Vehicles	5-7 years
Machinery and equipment	3-5 years

Normal repairs and maintenance are expensed as incurred, whereas significant charges that increase the fixed asset values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets.

Upon sale or disposition of property and equipment, the asset account is reduced by the cost, and the accumulated depreciation account is reduced by depreciation taken prior to the sale. Gains and losses are recognized in the statements of activities and changes in net assets upon disposal of property and equipment.

Impairment of Long-lived Assets

The Organization reviews its investment in long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment would be recorded in circumstances where undiscounted cash flows expected to be generated by an asset are less than the carrying value of that asset. As of December 31, 2025 and 2024, there were no events or changes in circumstances indicating the carrying amount of long-lived assets may not be recoverable. There can be no assurance, however, that market or other conditions will not change in the future resulting in impairment of long-lived assets.

Deposits

Deposits are amounts paid on lease agreements that are expected to be refunded at the end of the lease term unless renewed.

Orange County Coastkeeper Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The Organization's employees earn paid-time-off (PTO) based on the amount of time worked annually. Unused PTO for full-time employees is cumulative from year to year and can be accrued. Employees are also granted sick pay, which is not an earned benefit. No payment of unused sick leave will be made upon termination of employment.

Grants Payable

Grants payable represent amounts due under executed grant agreements and are recognized as a liability when the Organization has made an unconditional commitment to the grantee. The related grant agreements specify the approved purpose of the funding, and amounts are subject to the terms and conditions of the agreements. Because all grants payable are due within one year of the statement of financial position date, the balances are reported at face amount and are not discounted to present value.

Leases

The Organization leases office space under an operating lease. The Organization determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the accompanying statements of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease.

ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. For leases that do not provide an implicit rate, the Organization has elected to use the risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected not to recognize right-of-use assets and lease liabilities for short-term leases and instead records them in a manner similar to operating leases under legacy leasing guidelines. A short-term lease is one with a maximum lease term of 12 months or fewer and does not include a purchase option that the lessee is reasonably certain to exercise.

Orange County Coastkeeper Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Grants and Contracts

Revenue from grants and contracts with resource providers such as the government and its agencies, other organizations and private foundations are accounted for either as exchange transactions or as contributions. Revenue from grants that are nonreciprocal are treated like contributions. These funds are deemed conditional as they are subject to specific measurable barriers such as procurement and reporting requirements and specific cost requirements prior to being eligible for reimbursement. When the resource provider receives commensurate value in return for the resources transferred to the Organization, the revenue from the grant or contract is accounted for as an exchange transaction.

For purposes of determining whether a transfer of asset is a contribution or an exchange, the Organization deems that the resource provider is not synonymous with the general public, i.e., indirect benefit received by the public as a result of the assets transferred is not deemed equivalent to commensurate value received by the resource provider. Moreover, the execution of a resource provider's mission or the positive sentiment from acting as a donor is not deemed to constitute commensurate value received by a resource provider. Revenue from grants and contracts that are accounted for as exchange transactions is recognized when performance obligations have been satisfied.

Program Revenue

Program revenue consists of funds earned from litigation, compliance monitoring funds, and beach cleanups. See Note 11.

Funds earned from litigation and compliance monitoring are earned as the work is being performed and is recorded once a final amount is determinable to be paid by the defendant to the Organization. Revenue is recognized for beach cleanups as the cleanups are taking place.

Amounts received prior to revenue recognition are recorded as deferred revenue. Amounts expected to be recognized as revenue within the 12 months following the statement of financial position date are classified as deferred revenue within current liabilities in the accompanying statements of financial position. Amounts not expected to be recognized as revenue within the 12 months following the statement of financial position date are classified as deferred revenue—noncurrent. Amounts recognized as revenue, but not yet received or invoiced are generally recognized as contract assets in the Other current assets line item in the statements of financial position. The Organization did not have any deferred revenue for the years ended December 31, 2025 and 2024.

Contributions

Transactions where the resource provider often receives value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as a refundable advance.

Orange County Coastkeeper Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Contributions (continued)

Unconditional promises to give (contributions receivable) are recognized as contributions when received at their estimated fair value. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Amounts received that are restricted for future periods or by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class.

Unconditional contributions are recorded as either with donor restrictions or without donor restrictions. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restriction.

In-Kind Contributions

In addition to receiving cash contributions, the Organization may receive in-kind contributions from various donors. The value of in-kind donations is based on either donor-stated value, face value or replacement value had the Organization needed to purchase from an outside source. The fair market value is determined through active markets of identical or similar items. For the years ended December 31, 2025 and 2024, in-kind contributions were \$0 and \$35,590, respectively. See Note 13.

Special Event Revenue

Revenue from special events includes sponsorships, ticket sales, and donations. Sponsorship and ticket sales are recognized in the period in which the event occurs. See Note 12.

Contributed Services

Several volunteers have donated significant amounts of time and services to the Organization's program operations and to its fundraising campaigns. Contributed services are recognized by the Organization 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. The services donated are not reflected in the accompanying financial statements as an expense or as income from donations; such services do not meet the above criteria for recording under U.S. GAAP.

Income Taxes

The Organization has been classified as a publicly supported, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from California franchise taxes under Revenue and Taxation Code Section 23701(d).

Orange County Coastkeeper Notes to Financial Statements

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. As of December 31, 2025 and 2024, management evaluated the Organization's tax positions and concluded that the Organization had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment to the financial statements.

The Organization's returns are subject to potential examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed. Any interest or penalties assessed to the Organization are recorded in other expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing programs. Nonoperating activities are limited to resources that generate return from long-term investments and other activities considered to be of a more unusual or nonrecurring nature.

Functional Allocation of Expenses

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Certain expenses that are associated with more than one program or supporting service have been allocated among the programs and supporting services benefited based on a percentage of direct salaries method. The percentage of direct salaries method assigns time spent by employees on each program or support service to obtain overall percentages spent on each organizational activity.

Overhead expenses and supporting departments are allocated based on headcount percentages for each program and supporting department. Depreciation and facility costs are allocated based on square footage of the space used by each department.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures at the date of the financial statements and the reported amounts of revenues, expenses and changes in net assets during the reporting period. While management believes that these estimates are adequate as of December 31, 2025 and 2024, it is possible that actual results could differ from those estimates, and the difference could be material to the financial statements.

Reclassifications

Certain amounts in the December 31, 2024 financial statements have been reclassified to conform to the December 31, 2025 presentation. Such reclassifications have no material effect on reported change in net assets.

Orange County Coastkeeper Notes to Financial Statements

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets and liquidity resources available within one year for general expenditure, that is, without donor or other restrictions limiting their use, comprise the following as of December 31:

	2025	2024
Cash and cash equivalents	\$ 1,677,729	\$ 1,794,992
Investments	392,969	358,014
Accounts receivable	136,165	-
Contributions receivable	464,589	328,617
Total financial assets	2,671,452	2,481,623
Less amounts not available to be used within one year due to:		
Donor-imposed restrictions	(320,862)	(358,411)
Financial assets available to meet general expenditures within one year	\$ 2,350,590	\$ 2,123,212

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget, and anticipates collecting sufficient revenue to cover general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

NOTE 4 – INVESTMENTS

Investments consisted of the following at December 31:

	2025	2024
Certificates of deposit	\$ 162,695	\$ 358,014
U.S. Treasury bills	230,274	-
	\$ 392,969	\$ 358,014

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2025:

	Level 1	Level 2	Level 3	Fair Value
Certificates of deposit	\$ -	\$ 162,695	\$ -	\$ 162,695
U.S. Treasury bills	230,274	-	-	230,274
	\$ 230,274	\$ 162,695	\$ -	\$ 392,969

Orange County Coastkeeper Notes to Financial Statements

NOTE 4 – INVESTMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2024:

	Level 1	Level 2	Level 3	Fair Value
Certificates of deposit	\$ -	\$ 358,014	\$ -	\$ 358,014
	\$ -	\$ 358,014	\$ -	\$ 358,014

Investment income was comprised of the following for the year ended December 31:

	2025	2024
Interest and dividend income	\$ 47,157	\$ 57,972
Unrealized gain on investments	3,880	2,882
	\$ 51,037	\$ 60,854

NOTE 5 – ACCRUED REVENUE

The Organization has accrued a material amount of revenue, which consists of fees and costs of an ongoing case with Corona Clay Company ("Corona Clay"). Corona Clay processes clay products in Corona, California, at an industrial facility overlooking the Temescal Creek. Those industrial activities create "storm water discharge," which Corona Clay may release under a General Permit from the California State Water Resources Board. The permit requires Corona Clay to maintain a Storm Water Pollution Prevention Plan ("SWPPP") ensuring that discharges don't exceed specified pollutant levels.

The Organization filed an action in 2018 alleging Corona Clay violated the conditions of the General Permit and discharged polluted storm water into Temescal Creek, which then flowed into the Pacific Ocean, via the Santa Ana River. The court found Corona Clay had committed 664 daily violations of the SWPPP. For the years ended December 31, 2025 and 2024, management has estimated that \$750,000 of fees and costs have been accrued on the case. The fees and costs are expected to be collected in 2027; thus, management has classified Accrued Revenue as a non-current asset on the Statements of Financial Position.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2025	2024
Vehicles	\$ 72,170	\$ 72,170
Machinery and equipment	1,491	1,491
	73,661	73,661
Accumulated depreciation	(73,661)	(73,362)
Property and equipment, net	\$ -	\$ 299

Depreciation expense for the years ended December 31, 2025 and 2024 was \$299 and \$298, respectively.

Orange County Coastkeeper Notes to Financial Statements

NOTE 7 – ACCRUED LIABILITIES

Accrued liabilities consisted of the following at December 31:

	2025	2024
Accrued vacation	\$ 120,928	\$ 103,104
	\$ 120,928	\$ 103,104

NOTE 8 – RETIREMENT PLAN

403(b) Defined Compensation Plan

The Organization offers eligible employees the opportunity for participation in a 403(b) retirement plan (the “Plan”). The effective date of the Plan was January 1, 2023. Employees may contribute to the Plan up to the maximum amount allowed by the Internal Revenue Code. The Organization contributes a matching contribution equal to 3% of compensation. Participants are fully vested in their own contributions. Employees are vested in the employer contributions as follows:

<u>Years of Service</u>	<u>% Vested</u>
Less than 1 year	0%
1 year or more	100%

For the years ended December 31, 2025 and 2024, the Organization contributed \$45,753 and \$34,483 to the Plan, respectively.

NOTE 9 – LEASES

Operating Leases

For the years ended December 31, 2025 and 2024, the Organization reported lease liabilities in accordance with ASU Topic 842 – Leases. The lease agreement does not include any material residual value guarantees or restrictive covenants.

Future minimum lease payments under non-cancellable leases are as follows for the year ended December 31, 2025:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2026	\$ 120,296
2027	126,311
2028	132,626
Total minimum lease payments	379,233
Less: imputed interest	(22,509)
Present value of minimum lease payments	356,724
Current portion	(108,212)
Long-term portion	\$ 248,512

Orange County Coastkeeper Notes to Financial Statements

NOTE 9 – LEASES (continued)

Operating Leases (continued)

Additional information related to leases for the year ended December 31, 2025 is as follows:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 120,583	\$ 120,583
Short-term lease cost	\$ 7,500	\$ 7,500
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 114,568	\$ 109,112
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ -	\$ -
Weighted-average remaining lease term	3.00 years	4.00 years
Weighted-average discount rate	3.93 %	3.93 %

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent contributions received or receivable by the Organization, which are limited in their use by the donor-imposed restrictions. Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2025</u>	<u>2024</u>
Subject to Expenditure for Specified Purpose:		
Advocacy	\$ 3,377	\$ -
Education	222,238	294,130
Restoration	95,247	64,281
Total Subject to Expenditure for Specified Purpose	<u>320,862</u>	<u>358,411</u>
Total Net Assets With Donor Restrictions	<u>\$ 320,862</u>	<u>\$ 358,411</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors are as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Purpose Restrictions Accomplished:		
Advocacy	\$ 81,228	\$ 25,506
Education	635,805	623,309
Restoration	333,684	128,975
Total Purpose Restrictions Accomplished	<u>1,050,717</u>	<u>777,790</u>
Total Net Assets Released From Restrictions	<u>\$ 1,050,717</u>	<u>\$ 777,790</u>

Orange County Coastkeeper Notes to Financial Statements

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Grants and Contracts

Certain services of the Organization are governed by grants and contracts from governmental agencies and private sources. There can be no assurance that the Organization will be able to obtain future grants as deemed necessary by management, although management believes that there is no current indication that grants and contracts are in jeopardy. The loss of certain current grants, or the inability to obtain future grants, could have an adverse effect on the Organization's financial position and results of operations. Failure of the Organization to comply with applicable regulatory requirements can result in, among other things, loss of funding, warning letters, fines, injunctions, and civil penalties.

Litigation

The Organization maintains a legal department with staff attorneys to identify primarily industrial polluters and collect evidence, and under the federal Clean Water Act, the Organization files legal challenges in federal court. In each case, the remedies the Organization seeks are engineering solutions the defendant agrees to install to clean up the polluting facility. Each case consent decree is reviewed by the Federal Department of Justice to ensure the environment is served.

Typical expenses in the cases are water monitoring (collecting evidence), water analysis by state-certified laboratories, consulting engineers, outside counsel in addition to our in-house counsel, and monitoring the defendant's facility three to five years after the consent decree is entered to ensure all that was agreed to is installed, completed, and working as planned.

Though the Organization's budget and related financial planning is based on a calendar year, legal cases are not. There are many variables that determine when a case will close and funds are distributed. In most legal cases, expenses will be incurred prior to revenue recognition, since revenue is not determinable until a consent decree is issued by the court.

NOTE 12 – SPECIAL EVENTS

The Organization conducts special events in order to assist in program operations. All events are conducted in accordance with applicable federal, state, and local laws and ordinances. All revenues received from such events in excess of expenses are used for program operations.

For the year ending December 31, 2025, there were no special events held.

For the year ending December 31, 2024, special events revenue and expenses were as follows:

	Toast the Coast	Total
Fundraising event proceeds	\$ 143,648	\$ 143,648
Costs of direct benefits to donors	(35,590)	(35,590)
	<u>\$ 108,058</u>	<u>\$ 108,058</u>

Orange County Coastkeeper Notes to Financial Statements

NOTE 13 – DONATED GOODS AND SERVICES

For the year ending December 31, 2025, there were no donated goods or services.

Donated goods and services (Level 2 inputs) consisted of the following as of December 31, 2024:

<u>Nonfinancial Assets</u>	<u>Revenue Recognized</u>	<u>Program/ Activity Utilization</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Supplies (Silent Auction- Fundraising Event)	\$ 35,590	Fundraising	None	Market cost of similar goods
	<u>\$ 35,590</u>			

NOTE 14 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash and cash equivalents and certificates of deposit with major financial institutions. At times, such amounts may exceed Federal Depository Insurance Corporation (“FDIC”) limits. FDIC protection is \$250,000 per depositor, per insured bank, for each account ownership category. The Organization has uninsured cash balances for the years ended December 31, 2025 and 2024 of \$823,582 and \$1,130,277, respectively. The Organization 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.

The Organization received \$175,000 of support from one grantor and \$467,500 of support from two grantors, which amounts to approximately 9% and 29% of total support received for the years ended December 31, 2025 and 2024, respectively.

The Organization received \$383,000 of program revenue from two defendants and \$515,000 of program revenue from two defendants, which amounts to approximately 35% and 45% of total program revenue received for the years ended December 31, 2025 and 2024, respectively.

NOTE 15 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 17, 2026, the date which the accompanying financial statements were available to be issued.

Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.