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FINANCIAL STATEMENTS

DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Surfrider Foundation:

We have audited the accompanying financial statements of Surfrider Foundation (a nonprofit organization) (the "Foundation"), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Surfrider Foundation as of December 31, 2017, 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.

### *Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules on pages 25 to 27 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 Surfrider Foundation's 2016 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 28, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Irvine, California  
October 9, 2018

**SURFRIDER FOUNDATION**

**STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)**

**ASSETS**

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,030,341	\$ 3,670,285
Investments	391,666	348,721
Accounts and grants receivable	96,378	133,833
Settlement receivable	493,625	800,625
Inventory	72,105	74,758
Prepaid expenses	47,866	68,699
Property and equipment, net	<u>30,488</u>	<u>21,345</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,162,469</u>	<u>\$ 5,118,266</u>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 610,646	\$ 687,674
Payroll related liabilities	<u>310,435</u>	<u>285,124</u>
Total Liabilities	<u>921,081</u>	<u>972,798</u>

**COMMITMENTS AND CONTINGENCIES (Note 11)**

<b>NET ASSETS</b>		
Unrestricted	2,674,966	2,472,703
Temporarily restricted	1,298,772	1,405,115
Permanently restricted	<u>267,650</u>	<u>267,650</u>
Total Net Assets	<u>4,241,388</u>	<u>4,145,468</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 5,162,469</u>	<u>\$ 5,118,266</u>

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

**SURFRIDER FOUNDATION**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2017</u>	<u>2016</u>
<b>SUPPORT AND REVENUES:</b>					
Grants and contributions	\$ 2,884,577	\$ 1,750,552	\$ -	\$ 4,635,129	\$ 4,025,728
Contributed materials and services	265,543	-	-	265,543	437,291
Membership	1,430,827	-	-	1,430,827	1,408,002
Merchandise sales	199,868	-	-	199,868	162,437
Corporate partnership revenue	505,330	-	-	505,330	610,297
Investment gain	2,296	53,518	-	55,814	22,650
Special events, net of direct costs of \$525,159 and \$484,353 for 2017 and 2016, respectively	230,500	-	-	230,500	184,870
Settlement and other revenue	11,594	-	-	11,594	878,584
Net assets released from restrictions	1,910,413	(1,910,413)	-	-	-
<b>TOTAL SUPPORT AND REVENUES</b>	<u>7,440,948</u>	<u>(106,343)</u>	<u>-</u>	<u>7,334,605</u>	<u>7,729,859</u>
<b>EXPENSES:</b>					
Environmental programs	5,901,890	-	-	5,901,890	5,594,782
General and administrative	507,287	-	-	507,287	463,534
Fund-raising	829,508	-	-	829,508	730,783
<b>TOTAL EXPENSES</b>	<u>7,238,685</u>	<u>-</u>	<u>-</u>	<u>7,238,685</u>	<u>6,789,099</u>
<b>CHANGE IN NET ASSETS</b>	202,263	(106,343)	-	95,920	940,760
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>2,472,703</u>	<u>1,405,115</u>	<u>267,650</u>	<u>4,145,468</u>	<u>3,204,708</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 2,674,966</u>	<u>\$ 1,298,772</u>	<u>\$ 267,650</u>	<u>\$ 4,241,388</u>	<u>\$ 4,145,468</u>

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

**SURFRIDER FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)**

	<b>Environmental</b>	<b>General and</b>		<b>Total</b>	
	<b>Programs</b>	<b>Administrative</b>		<b>Fund-raising</b>	<b>2017</b>
Salaries and wages	\$ 2,825,490	\$ 134,710	\$ 341,800	\$ 3,302,000	\$ 3,022,076
Payroll taxes	203,157	10,080	22,327	235,564	231,758
Employee benefits	285,921	16,697	26,700	329,318	311,474
Total payroll	<u>3,314,568</u>	<u>161,487</u>	<u>390,827</u>	<u>3,866,882</u>	<u>3,565,308</u>
Consultation	974,599	56,597	78,978	1,110,174	1,096,802
Cost of goods sold	155,289	-	-	155,289	96,472
Grants	36,805	-	1,250	38,055	13,640
Insurance	-	41,328	-	41,328	48,598
Lobbying	110,658	-	-	110,658	103,200
Membership	187,328	-	67,601	254,929	307,497
Office and supplies	686,937	153,431	33,950	874,318	819,772
Postage and delivery	48,942	6,303	2,484	57,729	49,226
Printing	36,113	3,185	9,973	49,271	70,175
Promotions	84,757	2,781	220,140	307,678	290,617
Telephone	40,401	2,181	2,750	45,332	29,646
Travel	213,070	79,396	20,611	313,077	284,935
Depreciation and amortization	<u>12,423</u>	<u>598</u>	<u>944</u>	<u>13,965</u>	<u>13,210</u>
Total Expenses	<u>\$ 5,901,890</u>	<u>\$ 507,287</u>	<u>\$ 829,508</u>	<u>\$ 7,238,685</u>	<u>\$ 6,789,098</u>

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

**SURFRIDER FOUNDATION**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)**

	<b>For the Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 95,920	\$ 940,760
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation and amortization	13,965	13,210
Contributions of investments	(20,692)	(19,363)
Realized (gain) loss on investments	(260)	(8,127)
Unrealized (gain) loss on investments	(45,057)	(7,837)
Loss on sale of property and equipment	-	2,674
Changes in operating assets and liabilities:		
Accounts receivable	37,455	(64,237)
Settlement receivable	307,000	(800,625)
Inventory	2,653	44,303
Prepaid expenses	20,833	5,016
Accounts payable and accrued liabilities	(77,028)	(164,023)
Payroll related liabilities	25,311	18,221
Net Cash Provided By (Used In) Operating Activities	360,100	(40,028)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale or maturities of investments	-	66,116
Proceeds from sale of contributed investments	23,064	15,222
Purchase of investments	-	(76,041)
Purchase of property and equipment	(23,108)	(19,426)
Net Cash Used In Investing Activities	(44)	(14,129)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	360,056	(54,157)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	3,670,285	3,724,442
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 4,030,341	\$ 3,670,285

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



## **SURFRIDER FOUNDATION**

### **NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 (WITH COMPARATIVE TOTALS FOR 2016)**

#### **NOTE 1 – Organization**

The Surfrider Foundation (the Foundation) is a California nonprofit public benefit corporation. The Foundation was established in 1984 for the protection and enjoyment of the world's oceans, waves and beaches through a powerful activist network. The Foundation has over 250,000 supporters, activists, and members and over 80 chapters and clubs, nationally, and operates various programs and activities to fulfill its mission.

#### **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 and Puerto Rico. Chapters based in the United States 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 Surfrider Foundation-related organizations in their respective countries. However, they are all required to adhere to the Foundation's mission and guiding principles.

##### ***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).

## SURFRIDER FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 (WITH COMPARATIVE TOTALS FOR 2016)

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

##### *Financial Statement Presentation*

Contributions and net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of the Foundation and changes therein are classified and reported as follows:

- *Unrestricted net assets* – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in carrying out the Foundation’s mission.
- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. Donor-restricted contributions that are received and expended in the same reporting period that the temporary restriction is satisfied are recorded as unrestricted support.
- *Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that resources be maintained in perpetuity. Investment income generated from these funds is available for general support of the Foundation’s programs and operations unless otherwise stipulated by the donor.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law. Expirations of temporary restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished or the stipulated time period has elapsed, are reported as net assets released from restrictions between the applicable classes of net assets.

##### *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 revenues and expenses during the reporting periods. Actual results could differ from those estimates.

## **SURFRIDER FOUNDATION**

### **NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 (WITH COMPARATIVE TOTALS FOR 2016)**

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

##### ***Cash and Cash Equivalents and Credit Risk Concentration***

For purposes of the statement of cash flows, 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. Cash equivalents have an original maturity date of three months or less from the date of purchase.

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

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

## **SURFRIDER FOUNDATION**

### **NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 (WITH COMPARATIVE TOTALS FOR 2016)**

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

##### ***Deferred Rent***

The Foundation rents office facilities under an operating lease agreement that is subject to scheduled escalations. The scheduled rent increases are amortized evenly over the life of the lease. Deferred rent represents the difference between the cash paid and the rent expense recognized since inception of the lease and is included in accounts payable and accrued liabilities.

##### ***Revenue Recognition***

Contributions are recognized as revenue in the period pledged, net of estimated uncollectible amounts. Contributions are recorded in unrestricted net assets and are considered to be available for use unless specifically restricted by the donor. Conditional contributions are recognized as revenue and recorded in unrestricted net assets when the conditions on which they depend have been substantially met. During the years ended December 31, 2017 and 2016, 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 into.

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.

##### ***Deferred Revenue***

Revenue from grants are recorded as amounts are earned under the terms of the contract. Amounts received in excess of that which has been earned, and are subject to refund, are included in deferred revenue, which is reported as a component of accounts payable and accrued liabilities on the statement of financial position. As of December 31, 2017 and 2016, there was \$490,415 and \$509,890 of deferred revenue, respectively.

## **SURFRIDER FOUNDATION**

### **NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 (WITH COMPARATIVE TOTALS FOR 2016)**

#### **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. Accordingly, certain costs have been allocated among the programs and supporting services.

##### ***Settlement Beneficiary and Intervenor Compensation***

In pursuit of protecting the world's oceans, waves, and beaches, the Foundation acts as an intervenor and plaintiff in litigation. As a result of this and other litigious activities, the Foundation occasionally receives settlements and attorney fees. On occasion, the Foundation is named as a beneficiary in cy pres (class action) awards. When the outcome of litigation and the likelihood of payment from settlements and intervenor compensation is uncertain, these monies are recorded as revenue when received. When the outcome of litigation and the likelihood and amount of payment from settlements is reasonably certain, revenue and a corresponding receivable are recorded when the information is received. The Foundation recognized \$33,224 and \$800,625 in the fiscal years ending December 31, 2017 and 2016, respectively.

##### ***Donated Materials and Services***

Contributions of services are recognized if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Other volunteer services that do not meet these criteria are not recognized in the financial statements, as there is no objective basis of deriving their value.

##### ***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 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 Internal Revenue Code. 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, 2017 and 2016 totaled \$110,658 and \$103,200, respectively.

**SURFRIDER FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)**

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

*Income Taxes (Continued)*

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.

*Recently Issued Accounting Pronouncements*

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers (Topic 606)” (“ASU 2014-09”), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. The Foundation is currently evaluating the impact that the standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842)” (“ASU 2016-02”). The guidance in this ASU supersedes the leasing guidance in Leases Topic 840. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Foundation is currently evaluating the impact of the adoption of the new standard on the financial statements.

## **SURFRIDER FOUNDATION**

### **NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 (WITH COMPARATIVE TOTALS FOR 2016)**

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

##### ***Recently Issued Accounting Pronouncements (Continued)***

In August 2016, the FASB released ASU 2016-14, “Presentation of Financial Statements of Not-for-Profit Entities (Topic 958).” The update amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes relate to: (a) presentation of classes of net assets (b) the presentation of underwater endowment funds and related disclosures, (c) recognition of the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) statement of functional expenses, (e) disclosure of quantitative and qualitative information regarding liquidity and availability of resources; and a few smaller items. The ASU is effective for fiscal years beginning after December 15, 2017. The Foundation is currently evaluating the impact of the adoption of the new standard on the financial statements.

In June 2018, the FASB issued ASU 2018-08, “Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08)”, which provides additional guidance on characterizing grants and similar contracts with resource providers as either exchange transactions or contributions, as well as distinguishing between conditional contributions and unconditional contributions. The updated standard will be effective for annual reporting periods beginning after December 15, 2018. The Foundation is currently evaluating the impact of the adoption of the new standard on the financial statements.

##### ***Reclassifications***

Certain prior-period reported amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on the net assets of the Foundation.

##### ***Subsequent Events***

Management has evaluated subsequent events through October 9, 2018, the date these financial statements were available to be issued.

**SURFRIDER FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)**

**NOTE 3 – Cash and Cash Equivalents**

Cash and cash equivalents consist of the following at December 31, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
Petty cash	\$ 100	\$ 100
Deposits	3,416,320	3,089,342
Money market funds	613,921	580,843
Total cash and cash equivalents	\$ 4,030,341	\$ 3,670,285

**NOTE 4 – Investments**

The following schedule summarizes investments:

	<b>Historical Cost December 31,</b>		<b>Fair Value December 31,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Marketable securities	\$ 290,446	\$ 292,327	\$ 391,666	\$ 348,721

Total investment returns for the year ended December 31, 2017 is as follows:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Investment income	\$ 1,707	\$ 8,791	\$ 10,498
Net realized and unrealized income	589	44,727	45,316
Total investment income	\$ 2,296	\$ 53,518	\$ 55,814

Total investment returns (losses) for the year ended December 31, 2016 is as follows:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Investment income (loss)	\$ (1,878)	\$ 8,564	\$ 6,686
Net realized and unrealized income	-	15,964	15,964
Total investment income (loss)	\$ (1,878)	\$ 24,528	\$ 22,650



**SURFRIDER FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)**

**NOTE 5 – 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, 2017 and 2016:

	<u>Fair Value</u>	<u>Assets at Fair Value as of December 31, 2017</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Marketable securities				
Corporate stock	\$ 3,700	\$ 3,700	\$ -	\$ -
Exchange traded funds	<u>387,966</u>	<u>387,966</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 391,666</u>	<u>\$ 391,666</u>	<u>\$ -</u>	<u>\$ -</u>

**SURFRIDER FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)**

**NOTE 5 – Fair Value Measurements (Continued)**

	<u>Fair Value</u>	<u>Assets at Fair Value as of December 31, 2016</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Marketable securities				
Corporate stock	\$ 5,572	\$ 5,572	\$ -	\$ -
Exchange traded funds	<u>343,149</u>	<u>343,149</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 348,721</u>	<u>\$ 348,721</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 6 – Property and Equipment**

Property and equipment consists of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 104,874	\$ 106,445
Furniture and fixtures	43,215	43,215
Leasehold improvements	<u>228,533</u>	<u>228,533</u>
	376,622	378,193
Less accumulated depreciation and amortization	<u>(346,134)</u>	<u>(356,848)</u>
	<u>\$ 30,488</u>	<u>\$ 21,345</u>

**NOTE 7 – Net Assets Released from Restrictions**

During the year ended December 31, 2017, \$1,910,413 of temporarily restricted net assets were released to unrestricted net assets as a result of the satisfaction of grantor imposed restrictions. Included in the amount above was \$7,750 of temporarily restricted endowment funds that were released to unrestricted net assets as a result of the Foundation granting one summer legal internship and one summer environmental internship relating to the Dillon Henry Memorial Scholarship Endowment Fund.

**SURFRIDER FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)**

**NOTE 8 – Temporarily Restricted Net Assets**

The temporarily restricted net assets consist of donor contributions and legal settlements which have placed restrictions on the future use of the assets. The temporarily restricted net assets as of December 31, 2017 and 2016 consisted of the following:

	<b>2017</b>	<b>2016</b>
California Desalination Project	\$ 5,000	\$ 11,458
Chapter Assistance Program	88,529	310,171
Clean Water Program	86,573	90,744
Dillon Henry Memorial Internship	167,839	112,071
Florida Regional Support Program	36,900	10,567
Coastal Preservation Program	82,929	100,000
Environmental Education Outreach	7,750	-
Hawaiian Islands Regional Support Program	324,195	382,256
International Support Program	32,010	11,410
Mid-Atlantic Regional Support Program	5,382	-
New York Fundraising/Development Program	79,648	99,648
Ocean Friendly Gardens Program	8,129	20,774
Ocean Friendly Restaurants Program	25,000	-
Organizational Effectiveness	-	29,500
Pacific Northwest Regional Support Program	39,294	49,599
Plastic Pollution Program	163,285	81,144
Southern California Regional Support Program	146,309	95,773
Total	\$ 1,298,772	\$ 1,405,115

**California Desalination Project** – The Foundation received funding for analysis and reporting by an outside consultant regarding California desalination efforts. Surfrider Foundation is engaged in the permitting and planning process for proposed desalination projects and water projects that may contain a seawater or brackish water desalination component. Surfrider advocates on this issue throughout the state of California with the goal to reduce the impacts on marine resources that these projects may impose, including the entanglement and impingement of marine life and other related water quality and habitat concerns.

## SURFRIDER FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 (WITH COMPARATIVE TOTALS FOR 2016)

#### **NOTE 8 – Temporarily Restricted Net Assets (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 we use every day.

**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.

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

**Coastal Preservation Program** – The Foundation received contributions to protect our 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 our coast. Our network of volunteers work with community planners to make informed and responsible decisions on coastal development and to address the effects of rising sea levels.

**Environmental Education Outreach** – Funding was received to educate the public regarding the environmental dangers of offshore drilling to our oceans and beaches. New offshore drilling would damage the marine ecosystem and put coastal communities at risk from oil spills. The Foundation is working to ensure that new oil rigs will not be approved in U.S. waters.

## SURFRIDER FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 (WITH COMPARATIVE TOTALS FOR 2016)

#### NOTE 8 – Temporarily Restricted Net Assets (Continued)

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

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

**Mid-Atlantic Regional Support Program** – The Foundation has received funds to support the hiring of regional support for the Mid-Atlantic region. The employees coordinate the efforts of chapters in the region, work to grow membership in the region, assist with local campaign planning, attend administrative hearings, facilitate the needs of the regional chapters, and assist with policy work that promotes the mission of the organization.

**New York Fundraising/Development Program** – The Foundation received funding to develop and grow a major gifts program on the east coast and in the New York area.

**Ocean Friendly Gardens Program** – Ocean Friendly Gardens is a program about creating runoff reducing, ocean friendly gardens. Surfrider 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 our plastic and water footprint. The Ocean Friendly Restaurants program offers restaurants an easy way to show their commitment to making sustainable choices for our 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.

## **SURFRIDER FOUNDATION**

### **NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 (WITH COMPARATIVE TOTALS FOR 2016)**

#### **NOTE 8 – Temporarily Restricted Net Assets (Continued)**

**Organizational Effectiveness** – The Foundation received funding to conduct an outside organizational effectiveness assessment. The assessment examined the current structure and function of the organization as compared to similar organizations. The report provided recommendations to optimize effectiveness of the Foundation and its use of current resources, and to align the Foundation for future growth.

**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 Surfrider Foundation chapters and clubs participate in their communities with plastic pollution programs to address this exceedingly prevalent form of pollution.

**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 9 – Permanently Restricted Net Assets**

The permanently restricted net assets consist of donor contributions, which have been restricted by the donor to be maintained by the Foundation in perpetuity. Permanently restricted net assets consisted of the Dillon Henry Memorial Internship Fund totaling \$267,650 as of December 31, 2017 and 2016.

## **SURFRIDER FOUNDATION**

### **NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017 (WITH COMPARATIVE TOTALS FOR 2016)**

#### **NOTE 9 – Permanently Restricted Net Assets (Continued)**

The Dillon Henry Memorial Internship Fund (the Fund), created in 2007 by his parents, Harriet Zaretsky and Stephen Henry, 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. The Fund provides funding for the Surfrider Foundation to hire and train the best and brightest interns each year. Earnings from the Fund are used to provide stipends for two qualified internships to work with Surfrider Foundation's environmental and/or legal department. Interns are required to work a minimum of twelve weeks and must attend an informal meeting with the Fund's donors. The Dillon Henry Memorial Internship provides a unique opportunity for emerging leaders in the environmental field to train with the leading grassroots, environmental nonprofit organization focused on the protection of the world's oceans, waves, and beaches.

#### **NOTE 10 – 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 permanently restricted net assets (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 not classified in permanently restricted net assets is classified as temporarily restricted net assets 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, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)**

**NOTE 10 – 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, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted:				
Endowment	\$ -	\$ 167,839	\$ 267,650	\$ 435,489
Total	<u>\$ -</u>	<u>\$ 167,839</u>	<u>\$ 267,650</u>	<u>\$ 435,489</u>

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 112,071	\$ 267,650	\$ 379,721
Investment return:				
Investment income	-	8,791	-	8,791
Net realized and unrealized gain	-	44,727	-	44,727
Contributions	-	10,000	-	10,000
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(7,750)</u>	<u>-</u>	<u>(7,750)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 167,839</u>	<u>\$ 267,650</u>	<u>\$ 435,489</u>



**SURFRIDER FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)**

**NOTE 10 – Endowment Funds (Continued)**

*Return Objectives and Risk Parameters (Continued)*

Endowment net asset composition by type of fund as of December 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted:				
Endowment	\$ -	\$ 112,071	\$ 267,650	\$ 379,721
Total	<u>\$ -</u>	<u>\$ 112,071</u>	<u>\$ 267,650</u>	<u>\$ 379,721</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 95,543	\$ 267,650	\$ 363,193
Investment return:				
Investment income	-	8,564	-	8,564
Net realized and unrealized gain	-	15,964	-	15,964
Contributions	-	-	-	-
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(8,000)</u>	<u>-</u>	<u>(8,000)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 112,071</u>	<u>\$ 267,650</u>	<u>\$ 379,721</u>

**SURFRIDER FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)**

**NOTE 11 – Commitments and Contingencies**

The Foundation leases its office facilities under an operating lease that expires in February 2021. The lease contains escalation clauses. The Foundation recognizes rental expense on a straight-line basis over the lease term. The cumulative difference between rental payments and rent expense totaling \$70,883 and \$69,198 as of December 31, 2017 and 2016, respectively, is presented as a component of accounts payable and accrued liabilities in the accompanying statements of financial position. The future minimum lease payments on operating leases in effect as of December 31, 2017, are as follows:

<u>Year Ending December 31,</u>	
2018	\$ 135,784
2019	152,672
2020	157,215
2021	<u>26,960</u>
	<u>\$ 472,631</u>

Rent expense for the years ended December 31, 2017 and 2016 were \$285,566 and \$279,301, respectively.

***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.

**NOTE 12 – 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 matches 50% on the first 2% of the employee's salary. The Foundation's contribution expense was \$20,539 and \$28,663 for the years ended December 31, 2017 and 2016, respectively.

## **SUPPLEMENTAL INFORMATION**

**SURFRIDER FOUNDATION**

**SCHEDULE OF UNRESTRICTED REVENUES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**UNRESTRICTED SUPPORT AND REVENUES:**

Grants and contributions	\$ 2,884,577
Contributed materials and services	265,543
Membership	1,430,827
Sales, mail order	199,868
Corporate partnership revenue	505,330
Investment loss	2,296
Special events, net of direct costs	230,500
Other revenue	11,594
Net assets released from restrictions	
Satisfaction of California Desalination Project Program	12,458
Satisfaction of Chapter Assistance Program	454,762
Satisfaction of Clean Water Program	117,615
Satisfaction of Coastal Preservation Program	154,849
Satisfaction of Dillon Henry Memorial Internship	7,750
Satisfaction of Environmental Education Outreach	92,250
Satisfaction of Florida Regional Support Program	28,667
Satisfaction of Hawaiian Islands Regional Support Program	160,560
Satisfaction of Integrated Water Campaign Program	2,000
Satisfaction of Mid-Atlantic Regional Support Program	10,376
Satisfaction of New York Fundraising/Development Program	95,000
Satisfaction of North East Regional Support Program	5,000
Satisfaction of Ocean Friendly Gardens Program	23,179
Satisfaction of Organizational Effectiveness Program	29,500
Satisfaction of Pacific Northwest Regional Support Program	174,928
Satisfaction of Youth Network Program	60,000
Satisfaction of Plastic Pollution Program	209,035
Satisfaction of Southern California Regional Support Program	272,484

**TOTAL NET ASSETS RELEASED FROM RESTRICTIONS** 1,910,413

**TOTAL UNRESTRICTED SUPPORT AND REVENUES** \$ 7,440,948

See Independent Auditors' Report

**SURFRIDER FOUNDATION**

**DETAILED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2017**

	<u>Surfrider Foundation Headquarters</u>	<u>Foundation Chapters</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,436,396	\$ 1,694,432	\$ (100,487)	\$ 4,030,341
Investments	391,666	-	-	391,666
Accounts receivable	284,545	71,399	(259,566)	96,378
Settlement receivable	493,625	-	-	493,625
Inventory	72,105	-	-	72,105
Prepaid expenses	47,866	-	-	47,866
Property and equipment, net	<u>30,488</u>	<u>-</u>	<u>-</u>	<u>30,488</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 3,756,691</b></u>	<u><b>\$ 1,765,831</b></u>	<u><b>\$ (360,053)</b></u>	<u><b>\$ 5,162,469</b></u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 773,935	\$ 46,238	\$ (209,527)	\$ 610,646
Payroll related liabilities	<u>310,435</u>	<u>150,526</u>	<u>(150,526)</u>	<u>310,435</u>
<b>TOTAL LIABILITIES</b>	<u>1,084,370</u>	<u>196,764</u>	<u>(360,053)</u>	<u>921,081</u>
<b>NET ASSETS</b>				
Unrestricted	1,105,899	1,569,067	-	2,674,966
Temporarily restricted	1,298,772	-	-	1,298,772
Permanently restricted	<u>267,650</u>	<u>-</u>	<u>-</u>	<u>267,650</u>
<b>TOTAL NET ASSETS</b>	<u>2,672,321</u>	<u>1,569,067</u>	<u>-</u>	<u>4,241,388</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 3,756,691</b></u>	<u><b>\$ 1,765,831</b></u>	<u><b>\$ (360,053)</b></u>	<u><b>\$ 5,162,469</b></u>

See Independent Auditors' Report

# SURFRIDER FOUNDATION

## DETAILED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

	Surfrider Foundation Headquarters	Foundation Chapters	Eliminations	Total
<b>UNRESTRICTED NET ASSETS</b>				
<b>SUPPORT AND REVENUES:</b>				
Grants and contributions	\$ 1,922,301	\$ 1,113,245	\$ (150,969)	\$ 2,884,577
Contributed materials and services	265,543	-	-	265,543
Membership	1,430,752	10,362	(10,287)	1,430,827
Sales, mail order	193,574	17,585	(11,291)	199,868
Corporate partnership revenue	505,330	-	-	505,330
Investment income (loss)	1,814	482	-	2,296
Special events, net of direct costs	187,332	43,168	-	230,500
Blue Water	60,274	-	(60,274)	-
Chapter fees	2,725	-	-	2,725
Other revenue	8,869	-	-	8,869
Net assets released from restrictions	1,910,413	-	-	1,910,413
<b>TOTAL SUPPORT AND REVENUES</b>	<b>6,488,927</b>	<b>1,184,842</b>	<b>(232,821)</b>	<b>7,440,948</b>
<b>EXPENSES:</b>				
Environmental programs	5,250,612	884,099	(232,821)	5,901,890
General and administrative	418,651	88,636	-	507,287
Fundraising	680,668	148,840	-	829,508
<b>TOTAL EXPENSES</b>	<b>6,349,931</b>	<b>1,121,575</b>	<b>(232,821)</b>	<b>7,238,685</b>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<b>138,996</b>	<b>63,267</b>	<b>-</b>	<b>202,263</b>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>				
<b>SUPPORT AND REVENUES:</b>				
Contributions	1,750,552	-	-	1,750,552
Investment income	53,518	-	-	53,518
Net assets released from restrictions	(1,910,413)	-	-	(1,910,413)
<b>DECREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<b>(106,343)</b>	<b>-</b>	<b>-</b>	<b>(106,343)</b>
<b>PERMANENTLY RESTRICTED NET ASSETS</b>				
<b>SUPPORT AND REVENUES:</b>				
Contributions	-	-	-	-
<b>INCREASE IN PERMANENTLY RESTRICTED NET ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INCREASE IN NET ASSETS</b>	<b>32,653</b>	<b>63,267</b>	<b>-</b>	<b>95,920</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>2,639,668</b>	<b>1,505,800</b>	<b>-</b>	<b>4,145,468</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 2,672,321</b>	<b>\$ 1,569,067</b>	<b>\$ -</b>	<b>\$ 4,241,388</b>

See Independent Auditors' Report