



Financial Report
December 31, 2023

Contents

	<u>Page</u>
Independent Auditor's Report on the Consolidated Financial Statements	1
Financial Statements	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7
Supplementary Information	
Supplemental Consolidating Statement of Financial Position	13
Supplemental Consolidating Statement of Activities	14



INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Wildcoast and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of Wildcoast and its subsidiary, Costasalvaje (Wildcoast), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wildcoast as of December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wildcoast and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 Wildcoast's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 our opinion. We did not audit the financial statements of Costasalvaje, the subsidiary, which statements reflect total assets of \$8,844,825 as of December 31, 2023, and total support and revenues of \$1,196,043 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Costasalvaje, is based solely on the report of the other auditors. 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Wildcoast'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wildcoast's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating statement of financial position on page 13 and the supplemental consolidating statement of activities on page 14 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Wildcoast's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 17, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



WEST RHODE & ROBERTS

San Diego, California
October 9, 2024

WILDCOAST AND SUBSIDIARY

Consolidated Statement of Financial Position

December 31, 2023

(With Summarized Financial Information for December 31, 2022)

	2023	2022 (Note 11)
Assets		
Cash and cash equivalents	\$ 5,533,333	\$ 3,767,623
Receivables	225,567	1,206,198
Prepaid expenses	13,935	5,383
Property and equipment, net	153,070	80,413
Right-of-use asset	9,903	33,653
Land and land interests	8,660,329	8,658,579
Total assets	<u>\$ 14,596,137</u>	<u>\$ 13,751,849</u>
Liabilities and net assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 309,178	\$ 166,157
Lease liability	8,382	36,892
Total liabilities	<u>317,560</u>	<u>203,049</u>
Net assets:		
Without donor restrictions		
Expended for land interests, property and equipment	8,670,232	8,692,232
Undesignated	2,847,236	2,306,734
	<u>11,517,468</u>	<u>10,998,966</u>
With donor restrictions	2,761,109	2,549,834
Total net assets	<u>14,278,577</u>	<u>13,548,800</u>
Total liabilities and net assets	<u>\$ 14,596,137</u>	<u>\$ 13,751,849</u>

WILDCOAST AND SUBSIDIARY

Consolidated Statement of Activities

Year Ended December 31, 2023

(With Summarized Financial Information for Year Ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023	2022 (Note 11)
Operating Activities:				
Support and revenues				
Contributions and grants	\$ 269,176	\$ 3,646,052	\$ 3,915,228	\$ 4,642,086
Special events	213,790	-	213,790	106,669
Investment income	76,614	-	76,614	7,753
Other income	3,275	-	3,275	587
Currency translation loss	(25,596)	-	(25,596)	(8,616)
Net assets released from restrictions:				
Satisfaction of restriction	3,434,777	(3,434,777)	-	-
Total operating support and revenue	<u>3,972,036</u>	<u>211,275</u>	<u>4,183,311</u>	<u>4,748,479</u>
Expenses				
Program services				
Coastal	1,557,178	-	1,557,178	1,259,621
Marine	1,274,085	-	1,274,085	906,512
Total program services	<u>2,831,263</u>	<u>-</u>	<u>2,831,263</u>	<u>2,166,133</u>
Supporting services				
Management and general	363,195	-	363,195	334,786
Fundraising	245,104	-	245,104	223,479
Total program and supporting services	<u>3,439,562</u>	<u>-</u>	<u>3,439,562</u>	<u>2,724,398</u>
Cost of direct benefits to donors	13,972	-	13,972	8,179
Total operating expenses	<u>3,453,534</u>	<u>-</u>	<u>3,453,534</u>	<u>2,732,577</u>
Change in net assets	518,502	211,275	729,777	2,015,902
Net assets at beginning of year	10,998,966	2,549,834	13,548,800	11,532,898
Net assets at end of year	<u>\$ 11,517,468</u>	<u>\$ 2,761,109</u>	<u>\$ 14,278,577</u>	<u>\$ 13,548,800</u>

WILDCOAST AND SUBSIDIARY

Consolidated Statement of Functional Expenses

Year Ended December 31, 2023

(With Summarized Financial Information for the Year Ended December 31, 2022)

	Program Services			Supporting Services		2023 Total	2022 (Note 11)
	Coastal	Marine	Total Program Services	Management and General	Fundraising		
Expenses							
Salaries	\$ 628,836	\$ 516,807	\$ 1,145,643	\$ 229,683	\$ 181,149	\$ 1,556,475	\$ 1,275,363
Payroll taxes & employee benefits	157,039	141,078	298,117	71,981	34,366	404,464	307,709
	<u>785,875</u>	<u>657,885</u>	<u>1,443,760</u>	<u>301,664</u>	<u>215,515</u>	<u>1,960,939</u>	<u>1,583,072</u>
Program expenses	446,106	534,625	980,731	16,432	10,757	1,007,920	776,554
Occupancy costs	128,150	33,908	162,058	7,310	2,858	172,226	120,039
Other expenses	82,050	31,151	113,201	4,312	9,608	127,121	118,304
Professional fees	19,334	13,773	33,107	32,304	4,195	69,606	52,201
Depreciation	51,680	1,563	53,243	735	-	53,978	29,174
Marketing	29,428	751	30,179	68	2,171	32,418	32,643
Insurance	14,555	429	14,984	370	-	15,354	12,411
Total expenses	<u>\$ 1,557,178</u>	<u>\$ 1,274,085</u>	<u>\$ 2,831,263</u>	<u>\$ 363,195</u>	<u>\$ 245,104</u>	<u>\$ 3,439,562</u>	<u>\$ 2,724,398</u>

WILDCOAST AND SUBSIDIARY

Consolidated Statement of Cash Flows

Year Ended December 31, 2023

(With Summarized Financial Information for Year Ended December 31, 2022)

	2023	2022 (Note 11)
Cash flows from operating activities		
Change in net assets	\$ 729,777	\$ 2,015,902
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	53,978	29,174
Noncash lease expense	(4,760)	3,239
Change in operating assets and liabilities:		
Receivables	980,631	(890,023)
Prepaid expenses	(8,552)	(1,287)
Accounts payable and accrued expenses	143,021	13,722
Refundable advance	-	(144,280)
Net cash provided by operating activities	<u>1,894,095</u>	<u>1,026,447</u>
Cash flows from investing activities		
Purchase of land and land interests	(1,750)	3,825
Purchase of equipment	<u>(126,635)</u>	<u>(50,869)</u>
Net cash used in investing activities	<u>(128,385)</u>	<u>(47,044)</u>
Change in cash and cash equivalents	1,765,710	979,403
Cash and cash equivalents at beginning of year	<u>3,767,623</u>	<u>2,788,220</u>
Cash and cash equivalents at end of year	<u>\$ 5,533,333</u>	<u>\$ 3,767,623</u>

Note 1. Organization and Significant Accounting Policies**Organization and Activities**

Wildcoast was founded in 2000 to protect and conserve some of the most ecologically important coastal wildlands, lagoons, islands, and marine ecosystems that remain in California, Baja California, and the Sea of Cortez. Today we are an international team that conserves coastal and marine ecosystems and addresses climate change through natural solutions. To achieve our mission, we establish and manage protected areas, protect and restore blue carbon ecosystems, and partner with local communities, governments, and the private sector. The stunningly beautiful treasures we protect provide habitat for a myriad of wildlife species including sea turtles, whale sharks, gray whales, bottlenose dolphins, and peregrine falcons.

In California, we are conserving and restoring 50.5 acres of wetlands that avoid the emission of 16,665 tons of carbon and remove 242 tons of carbon per year from the atmosphere annually. We have partnered with Scripps Institution of Oceanography to collect over 600 soil samples to measure the amount of carbon stored in the sediment of coastal wetlands. We help to manage and conserve 545,280 acres of marine protected areas off California's coast through innovative compliance initiatives such as the MPA Watch community science program, Tidepool Ambassador Program, and Marine Monitor (M2) Radar project. We have also installed a trash boom in the Los Laureles neighborhood of Tijuana that stops over 60,000 pounds of debris, primarily plastic, from reaching south San Diego County and the Pacific Ocean each year.

Wildcoast formed the subsidiary Costasalvaje, a Mexican nonprofit organization, in 2008 to facilitate fundraising and land conservation in Mexico. Costasalvaje began operating in the fourth quarter of 2009 with its office located in Ensenada, Baja California, Mexico.

Principles of Consolidation – The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include accounts of Wildcoast and its subsidiary Costasalvaje (collectively the Organization). All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements.

Significant Accounting Policies

Method of Accounting – The consolidated financial statements of the Organization have been prepared using the accrual basis of accounting.

Basis of Presentation – The consolidated financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities.

Measure of Operations – The consolidated statement of activities reports 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 investments and other activities considered to be of a more unusual or nonrecurring nature.

WILDCOAST AND SUBSIDIARY

Notes to Consolidated Financial Statements

Revenue Recognition

Grant Revenues – Grant Revenues received are recognized as revenue when they are unconditionally pledged or when all conditions have been met.

Grant revenues are comprised of revenues classified as both exchange transactions and contributions. In accordance with Accounting Standards Codification ("ASC") 958, Not-for-Profit Entities, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, the Organization reviews all grant agreements and determines whether the agreement qualifies as an exchange transaction or as a contribution. In cases where agreements are determined to be exchange transactions, the Organization recognizes revenues as services rendered and, if applicable, funds received in advance of services being rendered are classified as deferred revenue. Revenue is recognized in the period in which services are rendered and is presented as revenue without donor restrictions in the consolidated statement of activities.

In cases where agreements are determined to be contributions, the agreement is reviewed for barriers or restrictions and, if applicable, advanced payments are classified as deferred revenue until the barrier or restriction has been eliminated. Revenue is recognized in the period in which all barriers and restrictions have been met and is presented as grant revenue without donor restrictions on the consolidated statement of activities.

Contribution Revenue – Contributions are recognized as revenue when they are unconditionally pledged or when all conditions have been met. They are recorded net of allowance for uncollectible pledges and at present value.

The Organization reports contributions as restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, revenues with donor restrictions are reclassified to revenues without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Contributions with donor restrictions requiring the principal gift to be held in perpetuity are reported as donor restricted endowments. The income and net gains earned from such assets are generally restricted to the purpose designated by the donor. This recognition is in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification No. 958-605.

Contributions in-kind are recorded based on an estimated fair market value of an appraised value provided by a third-party appraiser for individual in-kind gifts over \$5,000. No amounts have been reflected in the financial statements for contributed services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization.

Cash and Cash Equivalents – Cash and cash equivalents include highly liquid investments with a maturity of three months or less.

Receivables – Receivables consist of contributions or grant income that the Organization has earned prior to year-end. Receivables are reviewed for collectability and reserves for uncollectible amounts are recorded based on previous experience and history with donor or funding agency. Accounts are written off against the allowance for doubtful accounts when deemed uncollectible. Management has determined that no allowance is necessary for the year ended December 31, 2023.

Property and Equipment – Purchased property and equipment are recorded at cost. Donated assets are recorded at their estimated fair value at the date of the donation. The Organization capitalizes all amounts greater than \$1,500. Property and equipment is depreciated on a straight-line basis as follows:

Furniture and equipment	3 to 7 years
Leasehold improvements	5 to 10 years

WILDCOAST AND SUBSIDIARY

Notes to Consolidated Financial Statements

The Organization's depreciation expense totaled \$53,978 for the year ended December 31, 2023.

Land and Land Interests – Wildcoast and its subsidiary record land and land interests at cost, if purchased, or at fair value at the date of acquisition, if all or part of the land was received as a donation.

Conservation Lands – Real property with significant ecological value. These properties are managed in an effort to protect the natural biological diversity of the property.

Conservation Easements – Intangible assets comprised of listed rights and/or restrictions over the owned property that are conveyed by a property owner to Wildcoast or its subsidiary in order to protect the owned property as a significant natural area.

Contributed Services – No amounts have been reflected in the financial statements for contributed services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization.

Cost of Direct Benefits to Donors – The costs of special events that represent a direct benefit to donors are separately reported. For the year ended December 31, 2023, the amount totaled \$13,972.

Foreign Currency – The Organization's international operations use the U.S. dollar as their functional currency. Costasalvaje translates monetary assets and liabilities using current rates of exchange at the balance sheet date and translates nonmonetary assets and liabilities using historical rates of exchange. Net loss from re-measurement of \$25,596 has been included on the consolidated statement of activities for the year ended December 31, 2023.

Leases – Under ASC 842, Wildcoast determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the balance sheet. ROU assets represent the right to control the use of an identified asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at their commencement date based on the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. Wildcoast does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Functional Allocation of Expenses – The consolidated statement of functional expenses presents expense by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. A portion of costs that benefit multiple functional areas (indirect costs) have been allocated across programs and supporting services based on the full-time employee equivalents of programs or supporting service. Depreciation expense is allocated based on square footage.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, support, and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes – Wildcoast is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and is also exempt from the State of California franchise and income tax under Section 23701(d) of the State Revenue and Taxation Code.

Costasalvaje is a Mexican company that has been granted non-profit status in Mexico and is exempt from income tax in Mexico.

The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification No. 740-10, *Accounting for Uncertainties in Income Tax*, which sets a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return.

WILDCOAST AND SUBSIDIARY

Notes to Consolidated Financial Statements

Tax positions for the open tax years as of December 31, 2023, were reviewed by the Organization and it was determined that it has no uncertain tax positions requiring accrual or disclosure.

Subsequent Events – Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are available to be issued. The Organization recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at that date, including the estimates inherent in the process of preparing consolidated financial statements. The Organization's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after that date and before the consolidated financial statements are available to be issued.

The Organization has evaluated subsequent events through October 9, 2024, which is the date the financial statements are available for issuance and concluded that the below event needs included.

In May 2024, Wildcoast signed a new operating lease agreement for office space. The lease has a term ending July 2029. Monthly payments are \$10,555 with an annual rent increase of 4%.

Apart from the above, there are no other events or transactions that needed to be disclosed as of December 31, 2023.

Note 2. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditure are as follows:

<u>Financial assets</u>	
Cash and cash equivalents	\$ 5,533,333
Receivables	<u>225,567</u>
Total financial assets available within one year	<u>5,758,900</u>
Less:	
Amounts unavailable for general expenditures within one year due to:	
Restricted by donors with purpose restrictions	<u>(2,761,109)</u>
Total amounts unavailable for general expenditures within one year	<u>(2,761,109)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 2,997,791</u>

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

Note 3. Fair Value Measurements and Investments

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization uses a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

The hierarchy for fair value measurement are described as follows:

Level 1 - quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

WILDCOAST AND SUBSIDIARY

Notes to Consolidated Financial Statements

Level 2 - observable market-based inputs or unobservable inputs that are corroborated by market data. May include quoted prices in a market that is not active.

Level 3 - unobservable inputs that cannot be corroborated by market data. These inputs reflect management's best estimate of fair value using its own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The following are descriptions of the valuation inputs and techniques that the Foundation utilizes to determine fair value for each major category of assets and liabilities.

Due to the short-term nature of cash equivalents, other assets, accounts payable and accrued expenses, carrying value approximates fair value.

The management of the Organization is responsible for making the fair value measurements and disclosures in the financial statements. As part of fulfilling this responsibility, the management of the Organization has established an accounting and financial reporting process for determining the fair value measurements and disclosures, which identifies and adequately supports the valuation methods and assumptions used and ensures that the presentation of the fair value measurement is in accordance with U.S. GAAP.

Note 4. Risks and Uncertainties

Concentration of credit risk - At times, the Organization's bank accounts exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Note 5. Land and Land Interests

Land and land interests at December 31, 2023 which consist of land located in Baja California, Mexico, are as follows:

Conservation lands	\$ 8,382,783
Conservation easements	<u>277,546</u>
	<u>\$ 8,660,329</u>

Note 6. Property and Equipment

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

Computer equipment	\$ 225,269
Furniture & equipment	251,902
Transportation equipment	173,990
Leasehold improvements	<u>36,186</u>
	687,347
Less accumulated depreciation	<u>(534,277)</u>
	<u>\$ 153,070</u>

Note 7. Leases

The Organization evaluated current contracts to determine which met the criteria of a lease. The ROU assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use US treasury rate to discount future lease payments. The US treasury rate applied to calculate lease liabilities was 1.04%.

WILDCOAST AND SUBSIDIARY

Notes to Consolidated Financial Statements

For the year ended December 31, 2023, total operating lease cost was \$58,723, and is included with occupancy costs on the consolidated statement of functional expenses.

Right-of-use assets at December 31, 2023, were \$9,903.

Future minimum lease payments at December 31, 2023 required under the lease agreement for the years ending December 31:

2024	\$ 8,400
Total lease payments	8,400
Less discount to present value	(18)
	<u>\$ 8,382</u>

Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions represent contributions and other inflows received by the Organization, which are limited in their use by donor-imposed stipulations. As of December 31, 2023, net assets with donor restrictions of the Organization consist of the following:

Marine	\$ 1,370,294
Mexican Wildlands	1,388,392
Communications and development	2,423
	<u>\$ 2,761,109</u>

Note 9. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors. During the year ended December 31, 2023, net assets were released for the following purposes:

Mexican Wildlands	\$ 2,408,216
Marine	1,008,984
Communications and development	17,577
	<u>\$ 3,434,777</u>

Note 10. Defined Contribution Plan

The Organization maintains a 403(b) defined contribution plan covering eligible employees who meet certain age and service requirements. Eligible employees may contribute a portion of their earnings each plan year subject to certain Internal Revenue Service limitations. The 403(b) defined contribution plan allows for employer matching contributions to eligible employees. For the year ended December 31, 2023, there were no employer contributions made to the plan.

Note 11. December 31, 2022 Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2022, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to the current year's financial statement presentation. These reclassifications had no effect on the change in net assets.

WILDCOAST AND SUBSIDIARY

Supplemental Consolidating Statement of Financial Position

December 31, 2023

	<u>Wildcoast</u>	<u>Costasalvaje</u>	<u>Total</u>	<u>Eliminating Entries</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 5,489,222	\$ 44,111	\$ 5,533,333	\$ -	\$ 5,533,333
Receivables	225,567	-	225,567	-	225,567
Prepaid expenses	12,725	1,210	13,935	-	13,935
Investment in subsidiary	1,186,098	-	1,186,098	(1,186,098)	-
Property and equipment, net	13,895	139,175	153,070	-	153,070
Right of use asset	9,903	-	9,903	-	9,903
Land and land interests	-	8,660,329	8,660,329	-	8,660,329
Total assets	<u>\$ 6,937,410</u>	<u>\$ 8,844,825</u>	<u>\$ 15,782,235</u>	<u>\$ (1,186,098)</u>	<u>\$ 14,596,137</u>
Liabilities and net assets					
Liabilities:					
Accounts payable and accrued expenses	\$ 113,433	\$ 195,745	\$ 309,178	\$ -	\$ 309,178
Lease Liability	8,382	-	8,382	-	8,382
Total liabilities	<u>121,815</u>	<u>195,745</u>	<u>317,560</u>	<u>-</u>	<u>317,560</u>
Net assets	<u>6,815,595</u>	<u>8,649,080</u>	<u>15,464,675</u>	<u>(1,186,098)</u>	<u>14,278,577</u>
Total liabilities and net assets	<u>\$ 6,937,410</u>	<u>\$ 8,844,825</u>	<u>\$ 15,782,235</u>	<u>\$ (1,186,098)</u>	<u>\$ 14,596,137</u>

WILDCOAST AND SUBSIDIARY

Supplemental Consolidating Statement of Activities

Year Ended December 31, 2023

	<u>Wildcoast</u>	<u>Costasalvaje</u>	<u>Total</u>	<u>Eliminating Entries</u>	<u>Total</u>
<u>Operating Activities:</u>					
Support and revenue					
Contributions and grants	\$ 3,730,802	\$ 1,220,426	\$ 4,951,228	\$ (1,036,000)	\$ 3,915,228
Special events	213,790	-	213,790	-	213,790
Investment income	75,558	1,056	76,614	-	76,614
Other income	3,184	91	3,275	-	3,275
Currency translation loss	(66)	(25,530)	(25,596)	-	(25,596)
Total operating support and revenue	<u>4,023,268</u>	<u>1,196,043</u>	<u>5,219,311</u>	<u>(1,036,000)</u>	<u>4,183,311</u>
Expenses					
Program services					
Coastal	1,745,302	847,876	2,593,178	(1,036,000)	1,557,178
Marine	<u>955,959</u>	<u>318,126</u>	<u>1,274,085</u>	<u>-</u>	<u>1,274,085</u>
Total program services	2,701,261	1,166,002	3,867,263	(1,036,000)	2,831,263
Supporting services					
Management and general	297,658	65,537	363,195	-	363,195
Fundraising	<u>245,104</u>	<u>-</u>	<u>245,104</u>	<u>-</u>	<u>245,104</u>
Total program and supporting services	3,244,023	1,231,539	4,475,562	(1,036,000)	3,439,562
Cost of direct benefits to donors	<u>13,972</u>	<u>-</u>	<u>13,972</u>	<u>-</u>	<u>13,972</u>
Total operating expenses	<u>3,257,995</u>	<u>1,231,539</u>	<u>4,489,534</u>	<u>(1,036,000)</u>	<u>3,453,534</u>
Change in net assets	<u>\$ 765,273</u>	<u>\$ (35,496)</u>	<u>\$ 729,777</u>	<u>\$ -</u>	<u>\$ 729,777</u>