

Audited Financial Statements



December 31, 2021 and 2020

Quigley & Miron

**Los Angeles Waterkeeper
Audited Financial Statements
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December 31, 2021 and 2020**

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Independent Auditor's Report

Board of Directors
Los Angeles Waterkeeper
Santa Monica, California

Opinion

We have audited the accompanying financial statements of Los Angeles Waterkeeper (Organization), a nonprofit organization, which comprise the statements of financial position as of December 31, 2021 and 2020, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization’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.

A handwritten signature in black ink that reads "Quigley & Miron". The signature is written in a cursive, flowing style.

Los Angeles, California
September 28, 2022

**Los Angeles Waterkeeper
Statements of Financial Position
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 831,292	\$ 433,947
Accounts receivable		163,221
Contributions receivable	534,425	237,265
Prepaid expenses	59,013	50,770
Deposits—Note 4	30,000	30,000
Property and equipment, net—Note 3		
	<u>\$ 1,454,730</u>	<u>\$ 915,203</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 184,473	\$ 8,294
Accrued vacation payable	42,990	39,965
	<u>227,463</u>	<u>48,259</u>
	Total Liabilities	48,259
 Net Assets		
Without donor restrictions	541,374	629,679
With donor restrictions—Note 5	685,893	237,265
	<u>1,227,267</u>	<u>866,944</u>
	Total Net Assets	866,944
	<u>\$ 1,454,730</u>	<u>\$ 915,203</u>
	Total Liabilities and Net Assets	\$ 915,203

See notes to financial statements.

Los Angeles Waterkeeper
Statements of Activities
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Without Donor Restrictions		
Support		
Contributions and grants	\$ 592,326	\$ 355,925
CARES Act grants—Note 6	130,260	139,260
Special events		
Gross revenue	354,165	106,292
Less cost of direct benefits to donors	<u>(71,192)</u>	<u>(15,361)</u>
Special Events, Net	282,973	90,931
Revenue		
Program revenue—case recovery	195,240	529,960
Interest income	773	975
Other revenue	<u>2,208</u>	<u>4,900</u>
Total Support and Revenue	1,203,780	1,121,951
Net assets released from restrictions	<u>237,265</u>	<u>283,798</u>
Total Support, Revenue, and Reclassifications Without Donor Restrictions	1,441,045	1,405,749
Expenses		
Program services		
Advocacy/litigation	689,456	622,744
Marine program	196,840	137,988
Watershed program	155,751	106,955
Education/outreach	<u>135,690</u>	<u>99,155</u>
Total Program Services	1,177,737	966,842
Management and general	164,781	207,818
Fundraising and development	<u>186,832</u>	<u>180,969</u>
Total Expenses	1,529,350	1,355,629
Change in Net Assets Without Donor Restrictions	(88,305)	50,120
With Donor Restrictions		
Contributions and grants	685,893	237,265
Net assets released from restrictions	<u>(237,265)</u>	<u>(283,798)</u>
Change in Net Assets With Donor Restrictions	448,628	(46,533)
Change in Net Assets	360,323	3,587
Net Assets at Beginning of Year	<u>866,944</u>	<u>863,357</u>
Net Assets at End of Year	<u>\$ 1,227,267</u>	<u>\$ 866,944</u>

See notes to financial statements.

Los Angeles Waterkeeper
Statement of Functional Expenses
Year Ended December 31, 2021

Expenses	Program Services								Total
	Advocacy/ Litigation	Marine Program	Watershed Program	Education/ Outreach	Total Program Services	Manage- ment and General	Fundraising and Devel- opment	Special Events	
Salaries	\$ 204,340	\$ 115,999	\$ 111,089	\$ 83,814	\$ 515,242	\$ 106,789	\$ 121,658	\$	\$ 743,689
Payroll taxes	17,043	7,235	8,792	5,487	38,557	9,082	11,537		59,176
Employee benefits	5,834	9,977	4,770	4,006	24,587	9,261	3,314		37,162
Total Personnel Expenses	227,217	133,211	124,651	93,307	578,386	125,132	136,509		840,027
Accounting	15,670	4,722	5,366	4,308	30,066	4,722	8,141		42,929
Boat expenses		35,833			35,833				35,833
Case recovery	190,336		2,208		192,544				192,544
Communications	310	94	3,106	18,435	21,945	94	161		22,200
Cost of direct benefit to donors								71,192	71,192
Dues and subscriptions	3,399	237	269	215	4,120	237	409		4,766
Grants	200,000			300	200,300				200,300
Insurance	2,852	859	977	781	5,469	859	1,484		7,812
Other expenses	2,113	1,650	660	1,698	6,121	756	2,252		9,129
Payroll service fee						3,952			3,952
Professional fees	3,475	3,373	1,737	2,303	10,888	1,048	11,630		23,566
Rent and occupancy	25,333	7,634	8,675	6,940	48,582	7,634	13,186		69,402
Supplies and equipment	18,270	6,128	6,570	6,195	37,163	5,380	11,998		54,541
Travel and meetings	481	819	1,532	1,208	4,040	5,902	1,062		11,004
Workers compensation		2,280			2,280	9,065			11,345
Total Expenses by Function	689,456	196,840	155,751	135,690	1,177,737	164,781	186,832	71,192	1,600,542
Less expenses included with revenues on the statement of activities									
Cost of direct benefits to donors								(71,192)	(71,192)
Total Expenses	\$ 689,456	\$ 196,840	\$ 155,751	\$ 135,690	\$ 1,177,737	\$ 164,781	\$ 186,832	\$	\$ 1,529,350

See notes to financial statements.

Los Angeles Waterkeeper
Statement of Functional Expenses
Year Ended December 31, 2020

Expenses	Program Services					Management and General	Fundraising and Development	Special Events	Total
	Advocacy/Litigation	Marine Program	Watershed Program	Education/Outreach	Total Program Services				
Salaries	\$ 245,502	\$ 75,621	\$ 78,287	\$ 61,039	\$ 460,449	\$ 80,931	\$ 139,070	\$	\$ 680,450
Payroll taxes	16,838	5,186	5,370	4,186	31,580	5,551	9,538		46,669
Employee benefits	12,070	11,588	2,369	5,175	31,202	15,550	149		46,901
Total Personnel Expenses	274,410	92,395	86,026	70,400	523,231	102,032	148,757		774,020
Accounting						21,492			21,492
Boat expenses		23,013			23,013				23,013
Case recovery	303,986				303,986				303,986
Communications	1,500			15,688	17,188	400			17,588
Cost of direct benefit to donors								15,361	15,361
Dues and subscriptions	4,732	86	97	78	4,993	86	148		5,227
Insurance	925	3,680	1,288	1,031	6,924	1,418	1,958		10,300
Other expenses	582	402	455	355	1,794	444	1,972		4,210
Payroll service fee						3,395			3,395
Professional fees		2,475	4,513	600	7,588	20,605	1,550		29,743
Rent and occupancy	28,810	10,386	11,802	9,441	60,439	9,276	17,939		87,654
Supplies and equipment	4,843	1,233	525	1,063	7,664	35,446	8,132		51,242
Travel and meetings	2,956	1,024	2,249	499	6,728	8,599	513		15,840
Workers compensation		3,294			3,294	4,625			7,919
Total Expenses by Function	622,744	137,988	106,955	99,155	966,842	207,818	180,969	15,361	1,370,990
Less expenses included with revenues on the statement of activities									
Cost of direct benefits to donors								(15,361)	(15,361)
Total Expenses	\$ 622,744	\$ 137,988	\$ 106,955	\$ 99,155	\$ 966,842	\$ 207,818	\$ 180,969	\$	\$ 1,355,629

See notes to financial statements.

**Los Angeles Waterkeeper
Statements of Cash Flows
Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash Flows from Operations		
Change in net assets	\$ 360,323	\$ 3,587
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	163,221	(31,294)
(Increase) decrease in contributions receivable	(297,160)	46,533
Increase in prepaid expenses	(8,243)	(29,829)
Increase (decrease) in accounts payable and accrued expenses	176,179	(93,540)
Increase (decrease) in accrued vacation payable	3,025	(1,958)
Decrease in deferred rent		(5,652)
Cash Provided by (Used in) Operating Activities	<u>397,345</u>	<u>(112,153)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>397,345</u>	<u>(112,153)</u>
Cash and Cash Equivalents at Beginning of Year	<u>433,947</u>	<u>546,100</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 831,292</u></u>	<u><u>\$ 433,947</u></u>
Supplementary Disclosures		
Income taxes paid	<u>\$</u>	<u>\$</u>
Interest paid	<u>\$</u>	<u>\$</u>

See notes to financial statements.

**Los Angeles Waterkeeper
Notes to Financial Statements
December 31, 2021 and 2020**

Note 1—Organization and Summary of Significant Accounting Policies

Organization—Los Angeles Waterkeeper (Organization) is a California nonprofit public benefit organization dedicated to the protection and preservation of swimmable, fishable and drinkable waters of the inland and coastal regions throughout Los Angeles County. The Organization’s mission is to fight for the health of the region’s waterways, and for sustainable, equitable and climate-friendly water supplies. We envision the Los Angeles region as an international leader on integrated water management; a region that is water self-sufficient, where our waterways are safe, healthy and accessible to the public.

The Organization maintains a full-time staff of skilled environmental scientists, attorneys and educators, who preside over three major program areas: Pollution Prevention, Healthy Habitats, and Systems Change. These program campaigns conduct public education and outreach as follows:

Pollution Prevention—The **Pollution Prevention** program is committed to the elimination of ongoing pollution of the LA region’s coastal, inland, and ground waters. The program focuses on regulatory and legal enforcement around urban and stormwater runoff, including engaging communities and partners in these efforts, while also tracking other sources of pollution (sewage spills, industrial discharges) to ensure there is no backsliding of gains already made. A hallmark effort of this program includes the **Community Water Watch** which offers sampling training to volunteers living in industrial communities that face high pollution burdens across LA County. The water quality analysis results support the Organization’s Advocacy cases and partner community organizations’ environmental justice work. In 2021, the organization settled nine Industrial Stormwater cases resulting in substantive halting of pollution to local waterways.

Healthy Habitats—The **Healthy Habitats** program works to achieve ecosystem health and resiliency for all the region’s waters so they can support the communities and wildlife that depend on them. The Organization does this through its Marine and Watersheds programs, which seek to revitalize our coastal and riparian habitats through research, fieldwork, engagement with diverse communities, broad-based coalition building, and regulatory and legal enforcement and advocacy. The heart of the Marine Program is the **Marine Protected Area Watch** (MPA Watch). With MPA Watch, the Organization conducts coastal water monitoring trips providing on-the- water learning opportunities for volunteers. This community-science survey experience often includes witnessing sea life, interactions with cargo barges, trash flows, and illegal fishing, which serve as experiential reminders of how dramatically human behavior influences the planet. In 2021, the Organization conducted over 70 MPA Watch trips, bringing 574 volunteers and community members along for the experience. The Organization also engages the public through beach and river cleanups, and at community fairs, schools, and eco conferences.

Systems Change—The **Systems Change** program works to ensure local, low-carbon, and affordable water supplies and water-friendly land use & energy policies by holding our elected and agency officials accountable, promoting a 4R (Reduce, Reuse, Recycle and Restore) approach to water systems, and partnering with likeminded groups promoting water-friendly land-use, transportation, and energy policies. A hallmark accomplishment of this program was the Organization’s role in stopping the planned West Basin Ocean Desalination plant from moving forward. We also saw nearly \$200M allocated to the Safe Clean Water Program and championed the appointment of environmental leaders to the Metropolitan Water District.

Los Angeles Waterkeeper
Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization’s net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of the Organization and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that 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; such restrictions that may or will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

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 statement of activities. It is the policy of the Organization to record donor-restricted contributions received and expended in the same reporting period as support without restrictions.

Recently Adopted Accounting Principle—In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. The Organization opted to adopt ASU No. 2014-09 for the year ended December 31, 2020, and noted that there was no material effect on the 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 the Organization’s education and outreach program campaigns to protect and preserve the waters of Los Angeles County. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature; no such activities occurred during the years ended December 31, 2021 and 2020.

Los Angeles Waterkeeper
Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

Income Taxes—The Internal Revenue Service (IRS) has classified the Organization as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and the Organization is exempt from California state income taxes from the Franchise Tax Board.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered ‘more likely than not’ to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2021 and 2020. Generally, the Organization’s information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash and Cash Equivalents—Cash and cash equivalents consist of cash on premises generated through the course of daily activities and cash on deposit with banks as well as money market funds or short-term investments held at financial institutions, with original maturities of three months or less from the date of purchase.

Concentration of Credit Risk—Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents and receivables. The Organization maintains cash balances with various high quality financial institutions, where accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, such cash and cash equivalent balances are in excess of the FDIC insurance limits. Management regularly reviews the financial stability of its cash and money market fund depositories and deems the risk of loss due to these concentrations to be minimal.

Accounts receivable are due from unrelated third parties well-known to the Organization, with favorable past payment histories. Contributions receivable consist of balances from individuals, local foundations, and corporations. Management has assessed the credit risk associated with these receivables and has determined that an allowance for potential uncollectible amounts is not necessary.

Property and Equipment—Purchased property and equipment are recorded at cost, and donated assets are recorded at the estimated fair value on the date of receipt. The Organization depreciates its property and equipment using the straight-line-method over the following estimated useful lives:

Boat	5 years
Website	3 years

Repairs and maintenance costs are expensed as incurred. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used and gifts of cash or other assets that must be used to acquire and maintain long-lived assets are reported as restricted support. Absent explicit donor stipulations, the Organization reports expirations of donor restrictions when such long-lived assets are placed in service.

Los Angeles Waterkeeper
Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

Contributions—Contributions are reported as support in the period received and as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expiration of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions in the accompanying statement of activities. Contributions whose restrictions are met in the same year as the contribution is made are initially classified as net assets without donor restrictions.

Revenue Recognition—The Organization's revenue recognition policies are as follows:

Program revenue—case recovery—Revenues from case recoveries are recognized upon the settlement of litigation for individual cases. Revenues earned but not yet received are recognized as accounts receivable on the statement of financial position.

Special events—The Organization conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by participants at the event. The Organization values benefits, primarily the meals and entertainment, at the actual cost.

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. Personnel expenses, accounting, communications, dues and subscriptions, insurance, other expenses, professional fees, rent and occupancy, supplies and equipment, travel and meetings, and workers compensation are allocated on the basis of estimates of time and effort. Payroll services fees are charged directly to management and general. All other functional expenses are charged directly to programs.

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

Reclassifications—Certain amounts in 2020 have been reclassified to conform with the 2021 financial statement presentation.

Los Angeles Waterkeeper
Notes to Financial Statements—Continued

Note 2—Availability and Liquidity

The Organization’s goal is generally to maintain financial assets to meet six to nine months of core operating expenses (approximately \$100,000 per month). As part of its liquidity plan, excess cash is invested in money market accounts and savings accounts. The bank in which the Organization’s checking account is maintained also provides interest on a monthly basis.

The following represents the Organization’s financial assets at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 679,824	\$ 433,947
Accounts receivable		163,221
Contributions receivable	534,425	237,265
	<u>1,214,249</u>	<u>834,433</u>
Current Availability of Financial Assets	\$ 1,214,249	\$ 834,433

Note 3—Property and Equipment, Net

The major classes of property and equipment, net at December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Boat	\$ 64,780	\$ 64,780
Website	25,000	25,000
	<u>89,780</u>	<u>89,780</u>
Total Property and Equipment	89,780	89,780
Less accumulated depreciation and amortization	(89,780)	(89,780)
	<u>(89,780)</u>	<u>(89,780)</u>
Net	\$ <u>0</u>	\$ <u>0</u>

Note 4—Commitments and Contingencies

In the normal course of operations, the Organization is subject to certain loss contingencies, such as litigation. In management's opinion, the liability, if any, for such contingencies will not have a material effect on the Organization's financial position.

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although that is a possibility, management deems the contingency remote since, by accepting the gift and its terms, it is acknowledging the requirements of the grantor at the time of receipt.

In October 2014, the Organization entered into an office lease agreement with a company affiliated with a board member and paid a \$30,000 rent deposit, which is included in deposits on the statements of financial position. The lease term ended on June 30, 2020 and has since transitioned to a month-to-month lease. The Organization incurred rent expense totaling \$69,403 and \$87,654 for the years ended December 31, 2021 and 2020, respectively.

Los Angeles Waterkeeper
Notes to Financial Statements—Continued

Los Angeles Waterkeeper
Notes to Financial Statements—Continued

Note 5—Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
WHAM Coalition	\$ 101,768	\$
Accelerate Resilience L.A.	49,700	
Total Subject to Purpose Restrictions	151,468	
Subject to time restrictions:		
General operations	250,925	237,265
Accelerate Resilience L.A.	250,000	
WHAM Coalition	33,500	
Total Subject to Time Restrictions	534,425	237,265
Total Net Assets With Donor Restrictions	<u>\$ 685,893</u>	<u>\$ 237,265</u>

Net assets released from donor restrictions for the years ended December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Satisfaction of time restrictions:		
General operations	\$ 237,265	\$ 283,798
Total Net Assets Released from Donor Restrictions	<u>\$ 237,265</u>	<u>\$ 283,798</u>

Note 6—CARES Act Grants

On April 20, 2020, the Organization received a \$130,260 grant through the Paycheck Protection Program (PPP) from the U.S. Small Business Administration (SBA) established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The advance is designed to provide a direct incentive for small businesses struggling from the impact of the COVID-19 pandemic (see Note 9) to keep their workers on the payroll. At December 31, 2020, the Organization recognized a total of \$130,260 in PPP grant revenue based on qualifying expenditures incurred, with no outstanding balance at year-end.

Additionally, on April 27, 2020, the Organization obtained a \$9,000 grant through the SBA's Economic Injury Disaster Loan program.

On February 18, 2021, the Organization received an additional \$130,260 in PPP funding. The Organization recognized a total of \$130,260 in PPP grant revenue at December 31, 2021, based on qualifying expenditures incurred, with no outstanding balance at year-end.

Los Angeles Waterkeeper
Notes to Financial Statements—Continued

Note 7—Employee Benefit Plan

The Organization has a defined contribution retirement plan covering substantially all of its employees. The Board annually determines the amount to be contributed to the plan. Participants are fully vested after five years of service. The Organization made no contributions to the plan during the years ended December 31, 2021 and 2020, respectively.

Note 8—Recent Accounting Pronouncements

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is to be applied using the modified retrospective approach and is effective for nonprofit organizations with annual periods beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its financial statements.

Note 9—Risks and Uncertainties

In early March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been, and continues to be, severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. The Organization has continued to monitor the ongoing impact of the pandemic response on its overall operations. At the time of this reporting, the cumulative financial impact of the pandemic on the Organization, if any, cannot be fully determined, therefore no related adjustment has been made to these financial statements.

Note 10—Subsequent Events

Management evaluated all activities of the Organization through September 28, 2022, which is the date the financial statements were available to be issued, and concluded that no material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.