Save The Waves Coalition

Financial Statements

For the Year Ended
December 31, 2025
With Independent Auditor's Report Thereon

(A California Not-for-Profit Corporation)

Save The Waves protects, stewards, and defends surf ecosystems around the globe. We work in coalition with local organizations and groups, utilizing a unique combination of protected area creation, stewardship, and grassroots mobilization.

Protect: We create well-managed protected areas in high priority coastal ecosystems that overlap with high quality surf through our flagship World Surfing Reserve program and through the creation of Surf Protected Areas Networks.

Steward: We engage and aid communities in the ongoing effective management of surf ecosystems, supporting stewardship projects with resources and providing monitoring tools for conservation through our Save The Waves App.

Defend: When a wave or surf break comes under threat, we mount international campaigns to educate and inspire the public to take action.

Board of Directors 2025

Name	Position
Hugo Tagholm	Chairperson
Annie Vranizan	Vice Chairperson
Laura Rodriguez	Secretary
Rahim Walker	Treasurer
Will Henry	Board Member
Scott Atkinson	Board Member
Christy Chin	Board Member
Pat Gonzales-Rogers	Board Member
Greg Jones	Board Member
Richard Margoluis	Board Member
Ian Stewart	Board Member

Chief Executive Officer
Nik Strong-Cvetich

Save The Waves Coalition

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(A California Not-for-Profit Corporation)

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Regalia Berger and Berger

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Save The Waves Coalition

Opinion

We have audited the accompanying financial statements of Save The Waves Coalition (a California nonprofit organization), which comprise the statement of financial position as December 31, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 Save The Waves Coalition as of December 31, 2025, 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 Save The Waves Coalition 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 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 Save The Waves Coalition's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Save The Waves Coalition'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 Save The Waves Coalition'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 Summarized Comparative Information

We have previously audited Save The Waves Coalition's financial statements for the year ended December 31, 2024, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 9, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Regalia Berger & Berger

April 26, 2026
Danville, California

Statements of Financial Position
December 31, 2025 and 2024

Assets

	2025	2024
Current assets:		
Cash and cash equivalents	**$ 596,599**	$ 932,764
Grants and contributions receivable	**469,686**	191,522
Inventory	**7,715**	9,668
Prepaid expenses and other current assets	**7,821**	7,017
Total current assets	**1,081,821**	1,140,971
Noncurrent assets:		
Grants and pledges receivable - long-term, net of discount	**-**	240,385
Deposits	**2,500**	2,500
Total noncurrent assets	**2,500**	242,885
	$ 1,084,321	$ 1,383,856

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	**$ 77,371**	$ 58,946
Accrued payroll liabilities	**32,316**	24,325
Conditional advances	**129,259**	91,130
Total current liabilities	**238,946**	174,401
Net assets:		
Without donor restrictions	**272,512**	270,640
With donor restrictions	**572,863**	938,815
Total net assets	**845,375**	1,209,455
	$ 1,084,321	$ 1,383,856

Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2025

(with Summarized Financial Information for the Year Ended December 31, 2024)

	2025			
	Without Donor Restrictions	With Donor Restrictions	Total	Total 2024
Changes in net assets:				
Revenue and support:				
Individual and board donations	$ 157,904	$ -	$ 157,904	$ 199,909
Corporate and foundation donations	130,392	550,000	680,392	339,531
Grants and contracts	448,861	-	448,861	493,772
Events	42,531	-	42,531	25,073
Contributed nonfinancial assets	22,110	-	22,110	12,927
Merchandise sales	9,721	-	9,721	10,409
Interest	19,387	-	19,387	14,834
Change in unamortized discount	-	9,615	9,615	30,399
Net assets released from restrictions	925,567	(925,567)	-	-
Total revenue and support	1,756,473	(365,952)	1,390,521	1,126,854
Expenses:				
Program services	1,335,512	-	1,335,512	1,096,867
General and administrative	249,381	-	249,381	290,714
Fundraising	169,708	-	169,708	157,092
Total expenses	1,754,601	-	1,754,601	1,544,673
Increase (decrease) in net assets	1,872	(365,952)	(364,080)	(417,819)
Net assets at beginning of year	270,640	938,815	1,209,455	1,627,274
Net assets at end of year	**$ 272,512**	**$ 572,863**	**$ 845,375**	$ 1,209,455

Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
Operating activities:		
Decrease in net assets	**$ (364,080)**	$ (417,819)
Adjustments to reconcile to cash (used for) provided by operating activities:		
Change in unamortized discount	**(9,615)**	(30,399)
Changes in:		
Grants and contributions receivable	**(28,164)**	969,565
Inventory	**1,953**	6,514
Prepaid expenses and other current assets	**(804)**	7,625
Accounts payable and accrued liabilities	**18,425**	31,854
Accrued payroll liabilities	**7,991**	(11,889)
Conditional advances	**38,129**	91,130
Cash (used for) provided by operating activities	**(336,165)**	646,581
Net (decrease) increase in cash and cash equivalents	**(336,165)**	646,581
Cash and cash equivalents at beginning of year	**932,764**	286,183
Cash and cash equivalents at end of year	**$ 596,599**	$ 932,764
Additional cash flow information:		
State taxes paid	**$ 200**	$ 200
Interest and finance charges paid	**$ -**	$ -

Statement of Functional Expenses
For the Year Ended December 31, 2025
(with Summarized Financial Information for the Year Ended December 31, 2024)

	World Surfing Reserves	Surf Protected Areas	Stewardship and Resilience	Campaigns and Outreach	Program Support	Total Program Services	General and Admin-istrative	Fund-raising	Total Expenses 2025	Total Expenses 2024
Salaries and wages	$ 119,027	$ 189,959	$ 129,329	$ 46,580	$ 201,633	$ 686,528	$ 144,048	$ 121,631	**$ 952,207**	$ 818,582
Payroll taxes	9,692	15,065	12,182	3,933	17,333	58,205	12,744	9,455	**80,404**	81,164
Employee benefits	21,047	25,694	18,688	8,736	27,687	101,852	21,475	20,157	**143,484**	144,885
Total salaries and related expenses	149,766	230,718	160,199	59,249	246,653	846,585	178,267	151,243	**1,176,095**	1,044,631
Bank fees	70	383	225	1,655	48	2,381	-	6,642	**9,023**	6,438
Conferences and education	155	66	-	-	-	221	-	75	**296**	699
Events	-	786	40,557	44,178	65	85,586	31	1,328	**86,945**	13,756
Grants and subgrants	30,000	-	1,000	-	-	31,000	-	-	**31,000**	500
Insurance	931	1,100	1,360	438	1,280	5,109	931	925	**6,965**	7,905
Marketing	-	-	162	-	-	162	-	-	**162**	195
Merchandise and related support	819	121	646	11,602	166	13,354	79	136	**13,569**	13,223
Occupancy	3,116	3,683	3,146	1,467	4,287	15,699	3,117	3,094	**21,910**	21,171
Office and supplies	104	3,078	-	942	212	4,336	617	105	**5,058**	1,987
Other	4,602	250	5,598	-	6,017	16,467	844	659	**17,970**	7,651
Printing and postage	-	1,007	556	3,481	211	5,255	-	2,528	**7,783**	4,435
Professional services	1,000	109,694	105,558	17,462	5,822	239,536	47,208	-	**286,744**	320,593
Telephone and technology	1,110	806	827	-	1,801	4,544	14,649	135	**19,328**	29,225
Travel and meals	2,685	20,421	4,963	27,708	9,500	65,277	3,638	2,838	**71,753**	72,264
Totals	$ 194,358	$ 372,113	$ 324,797	$ 168,182	$ 276,062	$ 1,335,512	$ 249,381	$ 169,708	**$ 1,754,601**	$ 1,544,673

1. Organization

Save The Waves Coalition ("Save The Waves") is a California nonprofit public benefit corporation formed in February 2003. Save The Waves protects, stewards, and defends surf ecosystems around the globe. Save The Waves works in coalition with local organizations and groups, utilizing a unique combination of protected area creation, stewardship, and grassroots mobilization. The organization's program activities include (a) protecting, defending, and stewarding surf ecosystems, (b) engaging and aiding communities in the ongoing effective management of surf ecosystems, (c) creating well-managed protected areas in high priority coastal ecosystems, and (d) mounting and assisting with international campaigns to protect and defend surf ecosystems under threat. Additional information can be found at www.savethewaves.org/model.

2. Summary of Significant Accounting Policies

Basis of Accounting – The financial statements of Save The Waves have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP"); consequently, revenues and gains are recognized when earned, and expense and losses are recognized when incurred regardless of the timing of cash flows.

Comparative Financial Information – The accompanying financial statements include certain prior-year summarized comparative information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the audited financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Use of Estimates –The preparation of financial statements in conformity with generally accepted accounting principles requires Save The Waves to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Cash and Cash Equivalents – All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Financial Instruments and Credit Risk – Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by Save The Waves to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. As of December 31, 2025, Save The Waves held cash deposits of $133,888 in excess of FDIC insurance limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from foundations supportive of Save The Waves' mission.

2. Summary of Significant Accounting Policies *(continued)*

Grants and Contributions Receivable – Save The Waves records grants and contributions receivable that are expected to be collected within one year at net realizable value. Grants and contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities and changes in net assets. Any allowance for uncollectable grants and contributions receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants and contributions receivable are written off when deemed uncollectable. Historically, Save The Waves has collected all of its grants and contributions receivable, and as a result management has determined that no allowance for doubtful accounts is necessary as of December 31, 2025.

Inventories – Inventory is comprised of program-related merchandise held for sale and is stated at the lower of cost or net realizable value determined by the first-in first-out method. Contributed inventory is recorded at fair value on the date of donation.

Property and Equipment – When applicable, property and equipment are recorded at cost when purchased and at their estimated fair market value when received as a donation. Improvements and major repairs which extend the useful life of the asset are capitalized. Costs of maintenance and repairs are expensed currently. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs and accumulated depreciation of assets sold or retired are removed from the respective accounts and any resulting gain or loss is reflected in the change in net assets.

Right of Use Leased Assets and Liabilities – When applicable, right to use leased assets and the related liabilities are recognized at the lease commencement date and represent Save The Waves' right to use an underlying asset and lease obligations for the lease term. Lease liabilities are measured at the present value of future lease payments discounted using the rate implicit in the lease, or the risk-free rate when the implicit rate is not readily determinable. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

Save The Waves has elected the short-term lease exemption for leases with an initial term of 12 months or less and does not recognize right-of-use assets or lease liabilities for such leases. Lease payments for short-term leases are recognized on a straight-line basis over the lease term.

Fair Value Measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

2. Summary of Significant Accounting Policies *(continued)*

Fair Value Measurements *(continued)* – The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Save The Waves groups assets 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. These levels are:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3: Unobservable inputs that cannot be corroborated by observable market data. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability. Save The Waves had no assets valued at fair value at December 31, 2025 or 2024.

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Thus, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions
Net assets without donor restrictions represent funds available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, but has opted not to do so as of December 31, 2025 and 2024.

Net Assets with Donor Restrictions
Net assets with donor restrictions consist of funds which are subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those restrictions which will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates resources be maintained in perpetuity. Save The Waves reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

2. Summary of Significant Accounting Policies *(continued)*

Net Assets *(continued)* – When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

Contributed Nonfinancial Assets – Contributed services and in-kind contributions are reflected at the fair value of the contribution received in accordance with *ASC 958-605, Not-for-Profit Entities – Revenue Recognition*. The contributions of services, equipment and other materials are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

In addition to contributed nonfinancial assets, volunteers may contribute time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Revenue and Revenue Recognition – Revenue is recognized in accordance with authoritative guidance, including *ASC 958-605, Not-for-Profit Entities – Revenue Recognition*. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received, and are recorded based on the existence and/or nature of any donor-imposed restrictions.

Contributions without donor-imposed restrictions are reported as net assets without donor restrictions. Contributions with donor-imposed restrictions are reported as net assets with donor restrictions. When a donor-imposed time or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. A transfer of funds with a conditional promise to contribute is accounted for as a refundable advance until the conditions have been substantially met.

A portion of Save The Waves' revenue is derived from cost-reimbursable state and local government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Save The Waves has incurred expenditures in compliance with specific grant provisions. Any amounts received prior to incurring qualifying expenditures are reported as conditional advances on the statements of financial position. Save The Waves received cost-reimbursable grants of $293,980 and $598,385 that have not been recognized at December 31, 2025 and 2024, respectively, because qualifying expenditures have not yet been incurred. Advance payments of $129,259 and $91,130 at December 31, 2025 and 2024, respectively, have been recognized in the statement of financial position as conditional advances.

2. Summary of Significant Accounting Policies *(continued)*

Functional Allocation of Expenses - The costs of providing program and other activities have been summarized on a functional basis in the statement of activities in accordance with the requirements of *ASC 958-205 - Not-for-Profit Entities - Presentation of Financial Statements.* The statement of functional expenses presents the natural classification detail of expenses by function.

Expenses that can be directly identified with a specific program or supporting service are charged directly to that function. Other costs that benefit more than one function have been allocated among the programs and supporting services on an equitable basis, as determined by management. A majority of expenses (such as salaries and wages, payroll taxes, employee benefits, rent, insurance, and similar overhead) have been allocated based on time and effort using Save The Waves' payroll allocations. Other expenses (such as professional fees and other direct costs) have been allocated in accordance with the specific services received.

Income Taxes – Save The Waves has received determination letters from the Internal Revenue Service and the State of California Franchise Tax Board recognizing it as exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, respectively. Save The Waves' exemption from federal and state income taxes remains in effect and is subject to periodic review by the applicable taxing authorities. Management believes that Save The Waves continues to operate in compliance with all applicable requirements to maintain its tax-exempt status.

Save The Waves may be subject to tax on income that is unrelated to its exempt purpose. Management has evaluated the Organization's tax positions in accordance with *ASC 740-10,* Accounting for Uncertainty in Income Taxes, and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Recently Issued Accounting Pronouncements – Adopted – Save The Waves adopted *ASC 326, Financial Instruments – Credit Losses*, which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost. CECL requires entities to measure all expected credit losses for applicable financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The impact of adoption of this standard was not material to the financial statements.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of funds on deposit in various financial institutions. The composition of cash and equivalents is as follows at December 31:

	2025	2024
Checking	**$ 211,631**	$ 267,184
Savings	**384,968**	665,580
Total cash and cash equivalents	**$ 596,599**	$ 932,764

3. Cash and Cash Equivalents *(continued)*

Funds held in savings accounts earned interest at rates ranging from 0.05% to 3.00% per annum at December 31, 2025. At various times throughout the year, deposits in various financial institutions may exceed federally insured limits. Save The Waves attempts to limit its credit risk associated with cash and cash equivalents by utilizing high quality financial institutions.

4. Grants and Contributions Receivable

Grants and contributions receivable include commitments from a variety of donors including individuals, foundations, and corporations. Grants and contributions receivable are expected to be collected as follows at December 31:

	2025	2024
Grants and contributions due within one year	**$ 469,686**	$ 191,522
Grants and contributions due in one to three years	**-**	250,000
Subtotal	**469,686**	441,522
Less discount to reflect present value at 4% per annum	**-**	(9,615)
Subtotal	**469,686**	431,907
Total grants and contributions due within one year	**(469,686)**	(191,522)
Total grants and contributions receivable, noncurrent (net)	**$ -**	$ 240,385

Save The Waves uses the direct write-off method with regards to grants and contributions receivable deemed uncollectible. During the years ended December 31, 2025 and 2024, Save The Waves recognized no bad debts. Management has evaluated the receivables as of December 31, 2025, and determined that such amounts are fully collectible based on the financial strength of the donors involved and an analysis of historical experience.

5. Liquidity

Save The Waves regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. Save The Waves has various sources of liquidity at its disposal, including cash and cash equivalents and the future collection of receivables. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Save The Waves considers all expenditures related to its ongoing work to protect and preserve the coastal environment to be general expenditures.

In addition to the financial assets available to meet general expenditures over the next 12 months, Save The Waves operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

5. Liquidity *(continued)*

The following table shows the total financial assets held by Save The Waves and the amounts of those financial assets readily available within one year of the balance sheet date to meet general expenditures:

	2025	2024
Cash and cash equivalents	**$ 596,599**	$ 932,764
Grants and contributions receivable, current	**469,686**	191,522
Less: amounts not available to be used within one year:		
Net assets with donor restrictions for programs and projects	**(356,863)**	(44,644)
Financial assets available to meet general expenditures over the next twelve months	**$ 709,422**	$ 1,079,642

A significant amount of the support received by Save The Waves is restricted by donors. Because donor restrictions require resources to be used in a particular manner or in a future period, Save The Waves must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of Save The Waves' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

6. Occupancy

Save The Waves leases office space in Santa Cruz, California under a month-to-month operating lease agreement. This agreement requires a monthly rental payment of $1,600 as of December 31, 2025. Rent expense for the office space amounted to $19,200 for each of the years ended December 31, 2025 and 2024.

Save The Waves has elected the short-term lease exemption for all leases with a term of 12 or fewer months for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for any short-term leases are recognized on a straight-line basis.

7. Net Assets with Donor Restrictions

Save The Waves recognizes support from net assets with donor restrictions when the restrictions imposed by the donors have been satisfied or expire. Net assets with donor restrictions consist of the following at December 31:

Restricted for:	2025	2024
Specific locations	**$ 146,512**	$ 44,644
Stewardship	**210,351**	-
Future periods	**216,000**	903,786
Unamortized discount	**-**	(9,615)
Total net assets with donor restrictions	**$ 572,863**	$ 938,815

During the years ended December 31, 2025 and 2024, contributions to net assets with donor restrictions amounted to $550,000 and $180,200, respectively. Net assets released from restrictions amounted to $925,567 and $810,961 during the years ended December 31, 2025 and 2024, respectively.

8. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of *ASC 710.25*, *Compensated Absences*. Under ASC 710.25, Save The Waves is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination. Sick leave is not paid upon termination. Accrued payroll liabilities amounted to $32,316 and $24,325 at December 31, 2025 and 2024, respectively.

9. Commitments and Contingencies

In the normal course of business, Save The Waves could be subject to certain commitments and contingencies, such as commitments to enter into contracts and future projects, which might not be fully reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) grant restrictions and donor conditions which obligate Save The Waves to fulfill certain requirements as set forth in grant instruments, (b) funding levels which vary based on factors beyond Save The Waves' control, such as generosity of donors and general economic conditions, (c) employment and service agreements with key management personnel, and (d) financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments, contingencies, and risks will not have a material adverse effect on the financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting entities.

10. Contributed Nonfinancial Assets

Save The Waves received the following contributions of nonfinancial assets during the years ended December 31:

	2025	2024
Clothing and accessories	**$ 5,450**	$ -
Food and beverages	**2,560**	3,210
Other goods	**1,500**	1,967
Venue space	**7,900**	1,000
Legal services	**1,000**	-
Technical and other services	**3,700**	6,750
Total	**$ 22,110**	$ 12,927

The contributed clothing, accessories, food, and beverages are used for various Save The Waves events. These items are valued at prices that would be received for selling similar products. The contributed venue space was used for Save The Waves events and is valued at the at the current rate for similar space. The other goods were used for Save The Waves programmatic activities and are also valued at prices that would be received for selling similar products. None of the donated goods had donor-imposed restrictions.

10. Contributed Nonfinancial Assets

Contributed services, including legal, technical, and other, are recognized as revenue at their estimated fair values if they create or enhance nonfinancial assets or require specialized skills that would need to be purchased if they were not donated. These services were related to Save The Waves' programmatic activities and did not have any donor-imposed restrictions.

Volunteers contribute significant amounts of time to various Save The Waves activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

11. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, Save The Waves has evaluated subsequent events through April 26, 2026, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which are required to be disclosed.