

LIVING COAST DISCOVERY CENTER

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

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FOR THE FISCAL YEAR ENDED JUNE 30, 2015

LIVING COAST DISCOVERY CENTER
Financial Statements and Independent Auditor's Report
For the Year Ended June 30, 2015

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Board of Directors
Living Coast Discovery Center
Chula Vista, California

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of Living Coast Discovery Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Living Coast Discovery Center as of June 30, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Armando Martinez & Co., CPAs

December 2, 2015

Living Coast Discovery Center
Statement of Financial Position
June 30, 2015

ASSETS

Cash (Note 3)	\$ 502,515
Accounts Receivable	83,891
Prepaid expenses	27,079
Inventories (Note 4)	11,662
Vehicle, furniture and equipment, net (Note 5)	123,195
Total assets	<u>\$ 748,342</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 20,796
Accrued salaries and salaries related expenses	69,276
Deferred revenue (Note 6)	30,100
Total liabilities	<u>120,172</u>

Net assets

Unrestricted	391,676
Temporarily restricted	236,494
Permanently restricted	0
Total net assets	<u>628,170</u>
Total liabilities and net assets	<u>\$ 748,342</u>

See accompanying notes to financial statements

Living Coast Discovery Center
Statement of Activities and Changes in Net Assets
For the Fiscal Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenue and support</u>			
Admissions and memberships	\$ 350,038		\$ 350,038
Grants and contracts	591,060	\$ 238,613	829,673
Contributions	195,391		195,391
Program service fees	323,239		323,239
Rental	4,393		4,393
Gift shop	84,007		84,007
Special event	127,601		127,601
Interest	54,828		54,828
Net assets released from restriction:			
Satisfaction of donor requirements	32,809	(32,809)	0
Total revenue and support	<u>1,763,366</u>	<u>205,804</u>	<u>1,969,170</u>
<u>Expenses</u>			
Program services:			
Animal care	263,859		263,859
Education	257,784		257,784
Gift shop	77,565		77,565
Facilities	267,344		267,344
Shuttle service	91,816		91,816
Total program services	<u>958,368</u>		<u>958,368</u>
Supporting services:			
Development	224,501		224,501
Marketing and communications	134,246		134,246
Management and administration			
Salaries	\$ 112,123		
Payroll taxes and employee benefits	27,079		
Professional fees	13,697		
Insurance and workers compensation	15,944		
General supplies and services	103,669		
Total management and general	<u>272,512</u>		<u>272,512</u>
Total expenses	<u>1,589,627</u>	<u>0</u>	<u>1,589,627</u>
Increase in net assets	173,739	205,804	379,543
Net assets at beginning of year			
As previously stated	189,512	30,690	220,202
Prior period adjustment - Note 7	28,425	0	28,425
As restated	<u>217,937</u>	<u>30,690</u>	<u>248,627</u>
Net assets at end of year	<u>\$ 391,676</u>	<u>\$ 236,494</u>	<u>\$ 628,170</u>

See accompanying notes to financial statements

Living Coast Discovery Center
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES

Increase in net assets	\$ 379,543
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	5,357
Increase in accounts receivable	(63,891)
Increase in prepaid expenses	(10,504)
Decrease in inventory	1,505
Increase in vehicles, furniture, and equipment	(89,516)
Decrease in accounts payable	(13,261)
Decrease salaries and salaries related expenses	(27,590)
Increase in deferred revenue	<u>21,800</u>
Net cash provided by operating activities	\$ 203,443
Cash at beginning of year	<u>299,072</u>
Cash at end of year	<u><u>\$ 502,515</u></u>

See Accompanying Notes to the Financial Statements

LIVING COAST DISCOVERY CENTER
Notes to Financial Statements
June 30, 2015

Note 1. ORGANIZATION

Living Coast Discovery Center (“the Center”) was incorporated in California in 1987 as a California nonprofit public benefit corporation directed by a Board of Directors. The Center is located at 1000 Gunpowder Point Drive, Chula Vista, CA, on approximately 3.3 acres of land on Gunpowder Point within the Sweetwater Marsh National Wildlife Refuge on land owned by the U.S. Fish and Wildlife Service.

The mission of the Center is to:

- a. Partner in collaborative research and restoration of coastal wetlands and bays.
- b. Provide student-focused education through Science, Technology, Engineering, Art, and Mathematics (STeAM).
- c. Increase knowledge of coastal environments, climate change adaptation, and human coexistence with the natural resources of San Diego Bay.

Its vision is to inspire care and exploration of the living Earth by connecting people with coastal animals, plants and habitats.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Center have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Revenue Recognition

The Center reports contributions of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, the related temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Basis of Presentation

Financial statement presentation follows the recommendation of the FASB Accounting Standards Codification 958 *Financial Statements of Not-for-Profit Organizations*. The Center is required to report its financial position and activities according to three classes of net assets:

LIVING COAST DISCOVERY CENTER
Notes to Financial Statements
June 30, 2015

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unrestricted – Include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Center. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted – Include those assets subject to restrictions on their use that can be fulfilled either by actions of the Center pursuant to those restrictions or the passage of time.

Permanently Restricted – Include those assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Center. Generally, the donors permit the Center to use all or part of the income earned for either general or donor-specified purposes. No permanently restricted assets were held during the current fiscal year. Accordingly, these financial statements do not reflect any activity related to this class of net assets.

Income Taxes

The Center, a not-for-profit organization operating under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue Taxation Code, is exempt from federal, state, and local income taxes. Accordingly, no provision for income taxes is included in the financial statements.

The Center's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2011, 2012, 2013, and 2014 are subject to examination by the IRS, generally for three years after they were filed.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed under the straight line method, with estimated useful lives ranging from three to twenty-five years.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, 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. However, management believes that differences, if any, would not be significant.

LIVING COAST DISCOVERY CENTER
Notes to Financial Statements
June 30, 2015

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Costs

The Center expenses advertising and communication costs as they are incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Animal and Horticultural Collections

In accordance with customary practice among zoological organizations, animals and horticultural collections are recorded at the nominal amount of one dollar, as there is no objective basis for establishing value. Additionally, animal and horticultural collections have numerous attributes, including species, age, sex, relationship and value to other animals, endangered status, and breeding potential, whereby it is impractical to assign value. Expenditures related to animal and horticultural acquisitions are expensed in the period of acquisition.

In an ongoing commitment to the worldwide conservation and preservation of animals, the Center occasionally donates animals to and accepts donations of animals from other zoological institutions. The Center does not record such arrangements as sale or purchase.

Operating Agreements

The Center operates the Living Coast Discovery Center ("the LCDC") pursuant to operating agreements with the City of Chula Vista. The agreements provide that the City grants to the Center the exclusive license to operate the LCDC and the exclusive access and control over the land and improvements used in the operation of the Center. The fair values of such exclusive access and control over the land and improvements have not been reflected in the accompanying financial statements because objective valuation information is not available due to the unique characteristics and location of the facilities.

Contributed Services

Contributed services are reflected in the accompanying financial statements at the fair value of the services received, if the services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would otherwise need to be purchased if not provided by donation.

LIVING COAST DISCOVERY CENTER
Notes to Financial Statements
June 30, 2015

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Center receives contributed services through various volunteer programs. For the fiscal year ended June 30, 2015, volunteers contributed approximately 21,000 hours. Contributed services through volunteers are not recorded in the statement of activities as they generally do not meet the criteria described above.

Note 3. CASH

The cash balance as of June 30, 2015 was as follows:

Checking account	\$ 460,141
Money market account	29,128
Undeposited funds	<u>13,246</u>
Total	<u>\$ 502,515</u>

The cash includes \$274,392 in monies that are not covered by insurance provided by the federal government. It is the opinion of management that the solvency of the referenced financial institutions is not of particular concern at this time.

Note 4. INVENTORIES

Inventories are stated at the lower of cost or market determined by the first-in, first-out method.

Note 5. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2015 consist of the following:

Vehicles	\$ 69,000
Exhibit	16,619
Office equipment	8,086
Building improvements	15,840
Other equipment	35,912
Less Accumulated Depreciation	<u>(22,262)</u>
Net Property and Equipment	<u>\$ 123,195</u>

LIVING COAST DISCOVERY CENTER
Notes to Financial Statements
June 30, 2015

Note 6. DEFERRED REVENUE

Deferred revenue represents event revenue received on or before June 30, 2015 for Wine and Food event scheduled in the following fiscal year (in August 2015). Revenue is recognized in the period that the related expenses are incurred.

Note 7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 2, 2015, the date the financial statements were available to be issued. No other significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.