

**LIVING COAST DISCOVERY CENTER**

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

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**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**LIVING COAST DISCOVERY CENTER**  
**Financial Statements and Independent Auditor's Report**  
**For the Year Ended June 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

**ARMANDO MARTINEZ & COMPANY**  
**Certified Public Accountants**  
**365 Church Avenue, Chula Vista, CA 91910**  
**(619) 427-1981 • FAX (619) 427-2576**

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, 2021, 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.

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 statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Living Coast Discovery Center as of June 30, 2021, 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.

November 3, 2021

Armando Martinez + Co. CPAs

## FINANCIAL STATEMENTS

*Living Coast Discovery Center*  
*Statement of Financial Position*  
*June 30, 2021*

**ASSETS**

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Cash (Note 3)	\$ 1,001,017
Accounts Receivable	73,226
Prepaid expenses	10,430
Investment (Note 4)	567,743
Inventories (Note 5)	14,624
Property and equipment, net (Note 6)	<u>584,470</u>
Total assets	<u><u>\$ 2,251,510</u></u>

**LIABILITIES AND NET ASSETS**

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Liabilities

Accounts payable and payroll tax withholdings	\$ 24,599
Accrued salaries and payroll taxes	102,035
PPP loan (Note 7)	520,000
Deferred revenue (Note 8)	<u>22,500</u>
Total liabilities	<u>669,134</u>

Net assets

Without donor restrictions	1,401,329
With restrictions	<u>181,047</u>
Total net assets	<u>1,582,376</u>
Total liabilities and net assets	<u><u>\$ 2,251,510</u></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, 2021*

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenue and support</u>			
Admissions and memberships	\$ 117,206		\$ 117,206
Contributions and grants	1,518,059	\$ 362,489	1,880,548
Program service fees	170,395		170,395
Rental	1,900		1,900
Gift shop	26,903		26,903
Special event	118,916		118,916
Net investment return	29,654		29,654
Net assets released from restrictions	355,120	(355,120)	0
Total revenue and support	<u>2,338,153</u>	<u>7,369</u>	<u>2,345,522</u>
<u>Expenses</u>			
Program services:			
Animal care	305,907		305,907
Education	205,431		205,431
Gift shop and admission	21,193		21,193
Facilities	377,235		377,235
Shuttle service	67,658		67,658
Total program services	<u>977,424</u>		<u>977,424</u>
Supporting services:			
Fundraising and development	185,508		185,508
Marketing and communications	71,729		71,729
Management and general	271,685		271,685
Total expenses	<u>1,506,346</u>	<u>0</u>	<u>1,506,346</u>
Change in net assets from operating activities	831,807	7,369	839,176
Net assets at beginning of year	569,522	173,678	743,200
Net assets at end of year	<u>\$ 1,401,329</u>	<u>\$ 181,047</u>	<u>\$1,582,376</u>

See accompanying notes to financial statements

*Living Coast Discovery Center  
Statement of Functional Expenses  
For the Fiscal Year Ended June 30, 2021*

	<u>Program Services</u>	<u>Fundraising &amp; Development</u>	<u>Marketing &amp; Communications</u>	<u>Management and General</u>	<u>Total</u>
Salaries	386,401	125,101	38,060	148,709	698,271
Payroll taxes and benefits	51,012	25,402	8,344	35,835	120,593
Outside services and professional fees	42,346	14,331	4,853	25,114	86,644
Operating supplies and equipment	68,936	0	0	11,208	80,144
Advertising and promotion	0	7,553	15,853	0	23,406
Animal food	35,523	0	0	0	35,523
Bank and credit card fees	4,210	2,832	0	7,387	14,429
Insurance	18,635	6,033	1,835	7,172	33,675
Depreciation	47,064	0	0	5,434	52,498
Repair and maintenance	152,865	0	0	18,807	171,672
Cost of goods sold	15,943	0	0	0	15,943
Utilities and fuel	117,050	0	0	0	117,050
Fundraising	0	149	0	0	149
Other	37,439	4,107	2,784	12,019	56,349
Total expenses	<u>977,424</u>	<u>185,508</u>	<u>71,729</u>	<u>271,685</u>	<u>1,506,346</u>

See accompanying notes to financial statements



*Living Coast Discovery Center  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2021*

Cash Flows Used by Operating Activities

Increase in net assets	\$ 839,176	
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	52,498	
Loss on disposal of property and equipment	26,763	
Net realized gain on investments	(98)	
Net unrealized gain on investments	(21,955)	
Increase in accounts receivable	(12,206)	
Decrease in prepaid expenses	8,604	
Decrease in inventory	7,810	
Decrease in work in-progress	0	
Increase in accounts payable and payroll withholdings	154	
Increase in accrued salaries and payroll taxes	39,309	
Increase in deferred revenue	12,000	
Net cash provided by operating activities	\$ 952,055	

Cash Flows Used by Investing Activities

Purchases of property and equipment	(172,197)	
Proceeds from sale of marketable securities	34,485	
Purchase of marketable securities	(506,685)	
Net cash used in investing activities	(644,397)	

Cash Flows from Financing Activities

Proceeds from PPP loan	245,000	
Net increase in cash	\$ 552,658	
Cash at beginning of year	448,359	
Cash at end of year	\$ 1,001,017	

See Accompanying Notes to the Financial Statements

LIVING COAST DISCOVERY CENTER  
Notes to Financial Statements  
June 30, 2021

Note 1. ORGANIZATION

Living Coast Discovery Center (“the Center”), formerly known as the Chula Vista Nature 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 inspire the community to connect with and care for our coastal environment.

Its vision is a thriving natural coast through engaged conservation.

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.

Basis of Presentation

The Center reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors or grantors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

LIVING COAST DISCOVERY CENTER  
Notes to Financial Statements  
June 30, 2021

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

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 IRS Form 990, *Return of Organization Exempt from Income Tax*, and CA Form 199, *California Exempt Organization Annual Information Return*, for the years ending 2017, 2018, and 2019 are subject to examination by the IRS, generally for three years after they were filed.

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.

Investments

Investments with readily determinable fair values are measured at fair value in the statement of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the statements of activities and changes in net assets.

Property and Equipment

All acquisitions of property and equipment for \$2,500 or more that have a useful life of at least three years are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Advertising Costs

The Center uses advertising to promote the organization and its programs and expenses advertising and communication costs as they are incurred, except for Farm to Bay event advertising which is expensed in the period the event takes place.

LIVING COAST DISCOVERY CENTER  
Notes to Financial Statements  
June 30, 2021

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

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.

The Center receives contributed services through various volunteer programs. For the fiscal year ended June 30, 2021, volunteers contributed approximately 472 hours. Contributed services through volunteers are not recorded in the statement of activities as they generally do not meet the criteria described above.

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.

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 organizations. The Center does not record such arrangements as sale or purchase. Likewise, the Center shares animals with other organizations and does not record any asset or liability for such sharing arrangements.

LIVING COAST DISCOVERY CENTER  
Notes to Financial Statements  
June 30, 2021

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

As part of the agreement, the City provides certain in-kind services and supplies at no cost to the Center. In addition, the City commits to pay for utility bills and shuttle bus fuel costs (see Note 10).

Concentration of Credit Risk

Financial instruments that potentially subject the Center to concentration of credit risk consist primarily of cash and cash equivalents. The Center maintains its cash and cash equivalents with two financial institutions and may be exposed from time to time to credit risk with bank deposits in excess of Federal Deposit Insurance Corporation ("FDIC") insurance limits.

The Center had cash and cash equivalents which exceeded FDIC insured limit at both financial institutions as of June 30, 2021.

Note 3. CASH

The cash balance as of June 30, 2021 was as follows:

Checking accounts	\$ 553,516
Money market accounts	447,001
Petty cash	<u>500</u>
Total	<u>\$ 1,001,017</u>

LIVING COAST DISCOVERY CENTER  
Notes to Financial Statements  
June 30, 2021

Note 4. INVESTMENTS

Investments at June 30, 2021 consist of readily determinable fair value securities and are made up of the following:

	<u>Fair Value</u>
Investments restricted by donor for program costs in the subsequent fiscal year	\$49,072
Unrestricted	<u>518,671</u>
Total	<u>\$ 567,743</u>

Note 5. INVENTORIES

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

Note 6. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 consist of the following:

Vehicles	\$ 233,228
Exhibit	364,413
Office equipment	4,080
Land and building improvements	161,700
Other equipment	57,351
Less Accumulated Depreciation	<u>(236,303)</u>
Net Property and Equipment	<u>\$ 584,469</u>

Note 7. PAYROLL PROTECTION PROGRAM LOAN

The Center applied for and received two Paycheck Protection Program loans totaling \$520,000 from U.S. Small Business Administration. These loans are to help the Center workforce employed during the Coronavirus (COVID-19) crisis. The loans are forgivable—converted into grants—if the Center uses it according to the program's guidelines.

The Center has recorded notes payable and will record forgiveness upon being legally released from the loan obligation. As of June 30, 2021, the Center has not applied for loan forgiveness yet, and therefore no forgiveness income has been recognized for the fiscal year ended June 30, 2021.

LIVING COAST DISCOVERY CENTER  
Notes to Financial Statements  
June 30, 2021

Note 8. DEFERRED REVENUE

Deferred revenue represents event revenue received on or before June 30, 2021 for Farm to Bay event scheduled in the following fiscal year (i.e., in August). Revenue is recognized in the period that the related expenses are incurred.

Note 9. BENEFICIAL INTEREST IN ASSETS HELD BY OTHER

The Center is the beneficiary of three endowment funds held by The San Diego Foundation (TSDF). All money and property in the funds are considered assets of TSDF. Thus, they are not counted as assets of the Center and are not included in the statement of financial position on page 2. TSDF distributes the earnings from the funds twice a year. For the fiscal year ended June 30, 2021, the Center received distributions totaling \$108,555, which is included in the accompanying Statement of Activities on page 3. At June 30, 2021, the fair market value of the funds was approximately \$2,960,056. The Center has no remainder interest in the corpus of the funds.

Note 10. SUPPORT FROM CITY OF CHULA VISTA

Under the operating agreement with City of Chula Vista (see Note 2), the City provides maintenance of facilities and IT services. For the fiscal year ended June 30, 2021, the value of such in-kind services plus supplies and equipment cost is approximately \$147,000. In addition, also part of the agreement, the City spent approximately \$101,000 for utility bills (electricity, water, and telecommunication) and shuttle bus fuel costs. The total support from the City of approximately \$248,000 has been reflected in the accompanying Statement of Activities in the contributions and grants amount.

Note 11. COVID-19

The COVID-19 virus, which was declared a global pandemic in March 2020, has caused business disruption in the areas in which the Center operates. In accordance with directives issued by the State of California, the Center closed twice in 2020 and reopened again on May 1, 2021, with limited capacity and offerings and significant safety and cleaning protocols. When the Center closed, it transitioned to remote work and COVID-19 safety guidelines were followed when employees were onsite. During the closure, the Center focused primarily on (1) virtual education programs to keep the Center connected to the community and (2) virtual fundraising events and campaigns to ensure the Center's long-term financial health.

LIVING COAST DISCOVERY CENTER  
Notes to Financial Statements  
June 30, 2021

Note 12. SUBSEQUENT EVENTS

Management has evaluated other subsequent events through November 3, 2021, the date the financial statements were available to be issued. The duration and extent of COVID-related restrictions remain unknown at this time. However, several COVID-19 vaccines are being distributed and administered, and the Centers for Disease Control and Prevention anticipates relaxed restrictions for the remaining part of 2021.

No other significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.