

LIVING COAST DISCOVERY CENTER

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

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FOR THE FISCAL YEAR ENDED JUNE 30, 2022

LIVING COAST DISCOVERY CENTER
Financial Statements and Independent Auditor's Report
For the Year Ended June 30, 2022

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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, 2022, 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, 2022, 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 8, 2022

Armando Martinez + Co. CPAs

Living Coast Discovery Center
Statement of Financial Position
June 30, 2022

ASSETS

Cash (Note 3)	\$ 810,540
Accounts Receivable	143,227
Prepaid expenses	14,713
Investment (Note 4)	1,286,561
Inventories (Note 5)	20,343
Property and equipment, net (Note 6)	<u>608,640</u>
Total assets	<u><u>\$ 2,884,024</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and payroll tax withholdings	\$ 28,887
Accrued salaries and payroll taxes	55,712
PPP loan (Note 8)	245,000
Deferred revenue (Note 9)	<u>50,500</u>
Total liabilities	<u>380,099</u>

Net assets

Without donor restrictions	1,902,831
With restrictions	<u>601,094</u>
Total net assets	<u>2,503,925</u>
Total liabilities and net assets	<u><u>\$ 2,884,024</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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenue and support</u>			
Admissions and memberships	\$ 456,908		\$ 456,908
Contributions and grants	1,369,424	\$ 743,273	2,112,697
Program service fees	387,372		387,372
PPP Loan forgiven	236,709		236,709
Rental	18,228		18,228
Gift shop	129,403		129,403
Special event	128,223		128,223
Interest and dividend	95,947		95,947
Net investment return	(176,810)		(176,810)
Other	850		850
Net assets released from restrictions	323,226	(323,226)	0
Total revenue and support	<u>2,969,480</u>	<u>420,047</u>	<u>3,389,527</u>
<u>Expenses</u>			
Program services:			
Animal care	458,026		458,026
Education	591,645		591,645
Gift shop and admission	117,696		117,696
Facilities	483,029		483,029
Shuttle service	142,682		142,682
Total program services	1,793,078		1,793,078
Supporting services:			
Fundraising and development	255,278		255,278
Marketing and communications	70,044		70,044
Management and general	349,578		349,578
Total expenses	<u>2,467,978</u>	<u>0</u>	<u>2,467,978</u>
Change in net assets from operating activities	501,502	420,047	921,549
Net assets at beginning of year	1,401,329	181,047	1,582,376
Net assets at end of year	<u>\$ 1,902,831</u>	<u>\$ 601,094</u>	<u>\$2,503,925</u>

See accompanying notes to financial statements

Living Coast Discovery Center
Statement of Functional Expenses
For the Fiscal Year Ended June 30, 2022

	<u>Program Services</u>	<u>Fundraising & Development</u>	<u>Marketing & Communications</u>	<u>Management and General</u>	<u>Total</u>
Salaries	919,897	171,147	50,181	168,932	1,310,157
Payroll taxes and benefits	102,770	24,802	8,296	39,673	175,541
Outside services and professional fees	62,108	10,945	3,781	34,184	111,018
Operating supplies and equipment	149,657	0	0	23,433	173,090
Advertising and promotion	0	11,460	2,674	0	14,134
Animal food	43,723	0	0	0	43,723
Bank and credit card fees	7,885	2,125	0	20,051	30,061
Insurance	41,030	7,634	2,238	7,535	58,437
Depreciation	59,031	0	0	4,598	63,629
Repair and maintenance	162,731	0	0	32,978	195,709
Cost of goods sold	67,127	0	0	0	67,127
Utilities and fuel	157,541	0	0	0	157,541
Fundraising	0	22,854	0	0	22,854
Other	19,578	4,311	2,874	18,194	44,957
Total expenses	<u>1,793,078</u>	<u>255,278</u>	<u>70,044</u>	<u>349,578</u>	<u>2,467,978</u>

See accompanying notes to financial statements

Cash Flows Provided by Operating Activities

Cash Flows Used for Investing Activities

Cash Flows used for Financing Activities

Repayment of PPP loan	(38,291)
Net decrease in cash	\$ (190,477)
Cash at beginning of year	1,001,017
Cash at end of year	\$ 810,540

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LIVING COAST DISCOVERY CENTER
Notes to Financial Statements
June 30, 2022

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, 2022

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 2018, 2019, and 2020 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, 2022

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, 2022, volunteers contributed approximately 5,250 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, 2022

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, 2022.

Note 3. CASH

The cash balance as of June 30, 2022 was as follows:

Checking accounts	\$ 777,700
Money market accounts	22,251
Undeposited funds	10,089
Petty cash	500
Total	<u>\$ 810,540</u>

LIVING COAST DISCOVERY CENTER
Notes to Financial Statements
June 30, 2022

Note 4. INVESTMENTS

Investments at June 30, 2022 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	\$69,383
Unrestricted	1,217,178
Total	<u>\$ 1,286,561</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, 2022 consist of the following:

Vehicles	\$ 233,228
Exhibit	452,213
Office equipment	4,080
Land and building improvements	161,700
Other equipment	57,351
Less Accumulated Depreciation	<u>(299,931)</u>
Net Property and Equipment	<u>\$ 608,640</u>

Note 7. 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, 2022, the Center received distributions totaling \$115,461, which is included in the accompanying Statement of Activities on page 3. At June 30, 2022, the fair market value of the funds was approximately \$2,676,000. The Center has no remainder interest in the corpus of the funds.

LIVING COAST DISCOVERY CENTER
Notes to Financial Statements
June 30, 2022

Note 8. 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 applied and received a partial loan forgiveness toward the first \$275,000 loan. Out of this amount, \$236,709 was forgiven and the remaining \$38,291 was returned to U.S. Small Business Administration. As of June 30, 2022, the Center has not applied for loan forgiveness yet for the second loan.

Note 9. DEFERRED REVENUE

Deferred revenue represents event revenue received on or before June 30, 2022 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 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, 2022, the value of such in-kind services plus supplies and equipment cost is approximately \$128,000. In addition, also part of the agreement, the City spent approximately \$119,000 for utility bills (electricity, water, and telecommunication) and shuttle bus fuel costs. The total support from the City of approximately \$247,000 has been reflected in the accompanying Statement of Activities in the contributions and grants amount.

Note 11. SUBSEQUENT EVENTS

Management has evaluated other subsequent events through November 8, 2022, the date the financial statements were available to be issued. On August 16, 2022, U.S. Small Business Administration forgave the full amount of the second PPP loan of \$245,000.

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