LIVING COAST DISCOVERY CENTER

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

As of and For

YEAR ENDED JUNE 30, 2024

MILLER CPA GROUP, P.C.

AN AUDITING AND CONSULTING FIRM

LIVING COAST DISCOVERY CENTER
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MILLER CPA GROUP, P.C.
AN AUDITING AND CONSULTING FIRM

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Living Coast Discovery Center

Opinion

We have audited the accompanying financial statements of Living Coast Discovery Center (a California nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, 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 Living Coast Discovery Center as of June 30, 2024, and the changes in its 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Living Coast Discovery Center 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 Living Coast Discovery Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 Living Coast Discovery Center'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 Living Coast Discovery Center'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.

Miller CPA Group, P.C.

Carlsbad, California
December 3, 2024

LIVING COAST DISCOVERY CENTER
STATEMENT OF FINANCIAL POSITION
June 30, 2024

	2024
Assets	
Current Assets	
Cash	$ 284,908
Investments	1,014,228
Contributions receivable	132,691
Inventory	13,195
Prepaid expenses	20,370
Total Current Assets	1,465,392
Noncurrent Assets	
Property and equipment, net of accumulated depreciation	652,056
Total Assets	$ 2,117,448
Liabilities and Net Assets	
Current Liabilities	
Accounts payable and accrued expenses	$ 205,261
Deferred revenue	41,400
Total Liabilities	246,661
Net Assets	
Without donor restrictions	1,366,955
With donor restrictions	503,832
Total Net Assets	1,870,787
Total Liabilities and Net Assets	$ 2,117,448

The accompanying notes are an integral part of the financial statements.

LIVING COAST DISCOVERY CENTER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions and grants	$ 986,169	$ 116,512	$ 1,102,681
Membership dues	485,063	-	485,063
Program revenue	463,140	-	463,140
Special events, net direct expenses of $30,433	156,427	-	156,427
Gift shop, net purchases of $59,802	69,748	-	69,748
Rentals and other services	50,174	-	50,174
Contributed nonfinancial assets	30,000	-	30,000
Interest income	48,789	-	48,789
Investment loss	(3,391)	-	(3,391)
Other income	610	-	610
Net assets released from donor restrictions	127,830	(127,830)	-
Total Support and Revenue	2,414,559	(11,318)	2,403,241
Expenses			
Program services	2,195,168	-	2,195,168
Management and general	177,454	-	177,454
Fundraising	354,875	-	354,875
Total Expenses	2,727,497	-	2,727,497
Non-Operating			
Insurance proceeds, net expenses of $90,478	(45,109)	-	(45,109)
Change in Net Assets	(358,047)	(11,318)	(369,365)
Net Assets, Beginning of Year	1,725,002	515,150	2,240,152
Net Assets, Ending	$ 1,366,955	$ 503,832	$ 1,870,787

The accompanying notes are an integral part of the financial statements.

LIVING COAST DISCOVERY CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024

	Program Expenses	Management and General	Fundraising	Total
Salaries and wages	$ 1,233,961	$ 65,285	$ 258,332	$ 1,557,578
Payroll taxes	97,505	6,124	21,308	124,937
Employee benefits	89,932	7,492	27,715	125,139
Direct program expenses	315,962	-	-	315,962
Professional fees	1,523	52,312	6,293	60,128
Office expenses	42,946	2,556	7,092	52,594
Information technology	43,001	6,797	4,957	54,755
Advertising	17,459	-	1,291	18,750
Occupancy	233,696	27,494	13,747	274,937
Travel	2,920	557	-	3,477
Depreciation	74,771	4,311	-	79,082
Insurance	21,092	1,325	4,609	27,026
Miscellaneous	20,400	3,201	9,531	33,132
Total Expenses	$ 2,195,168	$ 177,454	$ 354,875	$ 2,727,497

The accompanying notes are an integral part of the financial statements.

LIVING COAST DISCOVERY CENTER
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024

		2024
Cash Flows From Operating Activities		
Change in net assets	$	(369,365)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense		79,082
Change in fair value of investments		3,391
Contributed nonfinancial assets		(30,000)
(Increase) decrease in operating assets		
Contributions receivable		(38,113)
Inventory		4,367
Prepaid expenses		79,573
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses		(40,375)
Deferred revenue		536
Net Cash Used by Operating Activities		(310,904)
Cash Flows From Investing Activities		
Purchases of investments		(48,493)
Sales of investments		299,794
Purchases of fixed assets		(94,571)
Net Cash Provided by Investing Activities		156,730
Net Change in Cash		(154,174)
Cash, Beginning	$	439,082
Cash, Ending	$	284,908

The accompanying notes are an integral part of the financial statements.

NOTE 1. ORGANIZATION

Living Coast Discovery Center (the Organization), formerly known as the Chula Vista Nature Center, was incorporated in 1987 as a California nonprofit public benefit corporation. The Center operates on approximately 3.3 acres of land within the Sweetwater Marsh National Wildlife Refuge which is 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

Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide for Not-for-Profit Organizations (the Guide).

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

  Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization’s ongoing services and investment revenue. Nonoperating activities are limited to other activities considered to be of a more unusual or nonrecurring nature.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Organization applies fair value measurement to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles.

FASB ASC 820 establishes a three-tier hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs and to establish the classification of fair value measurement for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

The standard describes a three-tier hierarchy of inputs that may be used to measure fair value:

> Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
>
> Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.
>
> Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Due to the short-term nature of cash, accounts receivable, other assets, accounts payable and accrued expenses, fair value approximates carrying value.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Pronouncements Recently Adopted

Accounting Standards Update (ASU) 2016-13: Financial Instruments – Credit Losses (Topic 326)

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (ASC Topic 326) that provides guidance on how to measure and report credit losses for financial instruments. The effective date for ASU 2016-13 depends on whether an entity has already adopted the amendments in Update 2016-13, which was issued in January 2019. For entities that have already adopted ASU 2016-13, the amendments in ASU 2022-02, which was issued in November 2023, are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years.

ASU 2016-13 replaces the incurred loss methodology with the current expected credit loss (CECL) model. Under the CECL model, management must also consider current conditions and reasonable and supportable forecasts of future events and circumstances, in addition to experience, to estimate expected credit losses for certain financial assets, including:

- Financing receivables (loans, for example)
- Held-to-maturity debt securities (available-for-sale debt securities guidance has been amended separately and there is no change to the accounting for trading debt securities)
- Receivables that result from revenue transactions (trade receivables)
- Lease receivables recognized by a lessor

Financial assets excluded from the scope of ASU 2016-13 include:

- Promises to give (pledges) of nonprofit entities
- Loans and receivables between entities under common control
- Defined contribution employee benefit plan loans

ASU 2016-13 provides no threshold for recognition of an impairment allowance. Therefore, organizations must also measure expected credit losses on assets that have a low risk of loss. As a result, trade receivables that are either current or not yet due (which may not require an allowance reserve under current GAAP) may have an allowance for expected credit losses under ASU 2016-13.

The CECL model allows management to select the most appropriate method for estimating its expected credit losses based on the nature of their organization's financial assets. Common methods for estimating expected credit losses include the loss rate method, discounted cash flow method, and probability of default method. Credit impairment will be recognized as an allowance for credit losses, rather than as a direct write-down of the financial asset.

The Organization adopted ASU 2016-13 effective July 1, 2023. Management evaluated the composition of the Organization's financial assets and determined there is no impact to the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for estimated credit losses.

Contributions and Pledge Receivables

Contributions and pledge receivables represent unconditional promises to give and are reported at fair value by discounting the expected future pledge payments at the statement of financial position date. Pledges extending beyond one year are discounted to recognize the present value of the future cash flows. In subsequent years, this discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. In addition, pledges are recorded net of an allowance. The allowance for uncollectible pledges is determined by management. Changes in the fair value of pledges receivable are reported in the statement of activities as contribution revenue except for changes in the allowance which are reported as program expenses at each subsequent reporting date. There were no contribution or pledge receivable for the year ended June 30, 2024.

Investments

The Organization accounts for investments in accordance with FASB ASC 958-320, Accounting for Certain Investments Held By Not-for-Profit Organizations. Investments are carried at fair market value in the statement of financial position. Investment return (including realized and unrealized gains and losses on investments, interest and dividends, and investment expense) is included in the change in net assets without donor restriction unless restricted by donor or law. Investment return on net assets with donor restriction is reported as an increase in net assets without donor restriction if the asset restriction expires in the reporting period in which the income is recognized. All other restricted investment returns are reported as an increase in net assets with donor restriction, depending on the nature of the restriction.

Inventory

Inventories consist of gift shop merchandise and food items and are recorded at the lower of cost or market determined by the first-in, first-out method.

Property and Equipment

The Organization capitalizes property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Depreciation is computed using the straight-line method over the estimated useful lives of the assets of three to five years. Maintenance, repairs, and minor renewals are charged to operations as incurred. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period.

Compensated Absences

Vested and accumulated personal time off (PTO) is recorded as an expense and liability as benefits accrue to employees. The accrued PTO liability totaled $71,323 as of June 30, 2024 and is included in accrued expenses in the statement of financial position.

Revenue Recognition

Revenue from Contracts with Customers

The Organization recognizes revenue in accordance with ASU 2014-09, Revenue from Contracts with Customers (ASC Topic 606). Topic 606 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization generally measures revenue based on the amount of consideration the Organization expects to be entitled for the transfer of goods to a customer, then recognizes this revenue when the Organization satisfies its performance obligations.

The Organization evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognize revenue when (or as) each performance obligation is satisfied.

Program Revenue

Program revenue comprises revenue from educational programs. Revenue is recognized in the month earned.

Special Events

Special event revenues received are not recognized until the revenue is earned, which is at the time of the event or when the services are provided, and the Organization does not believe it is required to provide additional goods or services to fulfill its related performance obligation. The recognition of revenue is conditional on the event taking place, as this is the point in time when the performance obligation of hosting the event occurs.

The Organization records special event revenue equal to contribution revenue less the cost of direct benefits to donors which is included in special event revenue on the statement of activities and changes in net assets.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Contributions and Support

The Organization recognizes revenue from contributions, including grants, in accordance with ASU 2018-08, Not-For-Profit Entities (ASC Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. In accordance with Topic 958, the Organization evaluates whether a transfer of assets is (i) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (ii) a contribution.

If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under Topic 606, discussed above. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Contributions, including unconditional promises to give, are recognized as revenues in the period in which they are received. Unconditional promises are recognized at the estimated present value of future cash flows, discounted at a risk adjusted rate. Amortization of the discount is recorded as additional contribution revenue. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior giving history, type of contribution, collection risk, and nature of fund-raising activity.

Contributed revenue may include gifts of cash or promises to give. Contributions and grants are recognized as revenues in the period received and are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a 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 statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period may be reported as support within net assets without donor restrictions.

Conditional contributions and grants are not recognized until they become unconditional, that is, at the time when the conditions are substantially met. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement.

Contributed Nonfinancial Assets

Contributed nonfinancial assets (in-kind) are recorded as support in the statement of activities. Such contributions are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. The Organization's policy is to use contributed nonfinancial assets for programmatic or other purposes unless the assets have no utility consistent with the Organization's mission. In those instances, the assets would be monetized.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services

The Organization utilizes the services of volunteers throughout the year that perform a variety of tasks that assist the Organization with various programs. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Such services do not meet the criteria for recognition as a contribution and are not reflected in the financial statements.

Operating Agreements

The Organization 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 Organization the exclusive license to operate the LCDC and the exclusive access and control over the land and improvements used in the operation of the Organization. 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 Organization. In addition, the City commits to pay for utility bills and shuttle bus fuel costs.

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 Organization occasionally donates animals to and accepts donations of animals from other organizations. The Organization does not record such arrangements as sale or purchase. Likewise, the Organization shares animals with other organizations and does not record any asset or liability for such sharing arrangements.

Functional Expenses

It is the policy of the Organization to ensure all expenses incurred are consistently and appropriately designated to their functional expense categories (program services, management, and fundraising) to allow for an accurate representation of the true program costs of the Organization.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expenses (continued)

Functional expenses are allocated as follows:

Direct Expense
Direct expenses relate to one classification and can be directly charged as incurred.

Shared Direct Expense
Shared direct expenses are those that are incurred in support of program work and can be allocated. Examples of shared direct expenses include occupancy, information technology, office expenses, insurance, etc.

Indirect Expense
Indirect expenses are only those expenses that are administrative in function.

Allocation Basis – Payroll
The method of allocating costs for payroll is by the use of time studies. Employees document how time was being spent over a time period to determine, on average, where the employee is spending their time, whether it be program, management or fundraising.

Expense Allocation Process

- Program: Costs that result in the Organization fulfilling its mission.
- Management: Costs necessary for the operations of the Organization that are not identifiable with a specific program or fundraising.
- Fundraising: Costs that involve seeking, soliciting, or securing contributions.

This allocation process achieves a complete distribution of expenses to program areas and provides the Organization with an accurate understanding of true program costs.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization has been determined by the Internal Revenue Service not to be a private Organization within the meaning of Section 509(a) of the Internal Revenue Code. Income generated from activities unrelated to the Organization's exempt purpose is subject to tax under IRC Section 511. The Organization did not have any unrelated business income for the year ended June 30, 2024.

The Organization follows the provision of uncertain tax positions as addressed in FASB Accounting Standards Codification. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. The Organization believes that it has taken no significant uncertain tax positions for the year ended June 30, 2024. Management believes the Organization is no longer subject to income tax examinations by applicable taxing jurisdictions for the years prior to June 30, 2020.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

The Organization expenses the cost of advertising as incurred. Advertising expense was $9,646 for the year ended June 30, 2024.

Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period of one year from the date the financial statements are available to be issued.

NOTE 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents the Organization's financial assets as of June 30:

	2024
Cash	$ 284,908
Investments	1,014,228
Receivables	132,691
Total financial assets	1,431,827
Less amounts not available to be used within one year:	
Restricted by donor with purpose restrictions	503,832
Financial assets available to meet general expenditures over the next twelve months	$ 927,955

The Organization receives significant contributions and grants from its donors. Contributions restricted for programs which are ongoing, major, and central to its operations are considered to be available to meet cash needs for general expenditures.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these targets, the Organization continually monitors its liquidity and reserves. During the year ended June 30, 2024, the level of liquidity and reserves was managed within the policy requirement.

NOTE 4. CONCENTRATION OF CREDIT RISK

Cash

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash. The Organization maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000 per depositor. As of June 30, 2024, the Organization exceeded federally insured limits by $2,972.

NOTE 4. CONCENTRATION OF CREDIT RISK (CONTINUED)

Risks and Uncertainties

The Organization is invested in a variety of investments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

		2024
Furniture and fixtures	$	105,828
Exhibits		491,695
Vehicles		283,762
Leasehold improvements		217,046
Total property and equipment		1,098,331
Less accumulated depreciation		(446,275)
Property and equipment, net	$	652,056

Depreciation expense was $79,082 for the year ended June 30, 2024.

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following as of June 30:

		2024
Accounts payable	$	60,423
Accrued payroll expenses		70,469
Accrued vacation		71,323
Other payables		3,046
Total accounts payable and accrued expenses	$	205,261

NOTE 7. SUPPORT FROM CITY OF CHULA VISTA

Under the operating agreement with the City of Chula Vista (the City), the City provides maintenance of facility and IT services. For the year ended June 30, 2024, the value of such in-kind services plus supplies and equipment cost approximately $112,300, including $74,300 for flood damage. In addition, the City spent approximately $177,500 for utility costs and shuttle bus fuel costs. The total support from the City of approximately $289,800 has been reflected in the accompanying statement of activities as contributions and grants.

NOTE 8. CONTRIBUTED NONFINANCIAL ASSETS

Revenues from contributions of nonfinancial assets recognized within the statement of activities were as follows for the year ended June 30, 2024:

Nonfinancial Asset	2024	2023	Usage in programs/ activities	Donor imposed restrictions	Fair value techniques and inputs
Aquarium	$ 30,000	$ -	Animal care	None	Fair market value for similar items

All gifts are recognized in accordance with donor restrictions, when applicable. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. The Organization did not sell contributed nonfinancial assets and utilized them in program use.

NOTE 9. NET ASSETS

Net assets with donor restrictions consist of the following as of June 30:

	2024
Purpose restricted:	
Team up to clean up	$ 27,156
Level up camps	74,839
Rotary outreach	1,000
Opening the outdoors	37,418
Master planning	350,252
Interpretive signage	3,605
HVAC system	9,562
Total net assets with donor restrictions	$ 503,832

Net assets released from net assets with donor restrictions are as follows as of June 30:

	2024
Purpose restricted	$ 127,830
Total net assets released from donor restrictions	$ 127,830

NOTE 10. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization is the beneficiary of three endowment funds held by the San Diego Foundation (SDF). All money and property in the funds are considered assets of SDF. Thus, they are not counted as assets of the Organization and are not included in the statement of financial position. SDF distributes the earnings from the funds twice a year. For the fiscal year ended June 30, 2024, the Organization received distributions totaling $125,204, which is included in the accompanying statement of activities. As of June 30, 2024, the fair market value of the funds was approximately $2,903,805. The Organization has no remainder interest in the corpus of the funds.

NOTE 11. RETIREMENT PLAN

The Organization sponsors a 401(k) retirement plan for the benefit of its employees. Employees must be at least 21 years old and must have completed 1,000 hours of service to be eligible to participate. Employees may contribute 100% of their annual compensation, subject to certain statutory limits.

NOTE 12. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 3, 2024, the date on which the financial statements were available to be issued.